Volume 9 No 4 (Issue 321) February 14, 1979

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#### Environment officials kept in dark about urea plant

were involved in e tast ditch affort to persuede the Government to come clean and marketing details.

Conservation Organisations of New Zaaland has been quizzing Cabinet miniaters and other energy officials since the beginning of the year, in an value of the plant to the country, and the possible

would affect the country's

plent occupied the minds of the

NBR has leernt that, for more than a year, at least one to point out that the lorth-senior energy official has been coming lown pienning actively pursuing purchase of hearings at the Weimate West

Venn Young was apparently unable to tell it how the 158 relating to the isaues at the centre of the selection of the

> plant were kept aecret. following a request from the Natural Gas Corporation (see NBR. December 20).

Even the Commission for the Environment has been kept in the derk. Acting commissioner John Wendickin told us: "We discovered the scheme when there was a change in plans for the Oanui to Kapuni gas line."

Politicians have been quick

In that time, no information the necessary information.

that the Walmate West town plant has been made public. planners have been provided During at least two meetings with a consultant . . . retained by the Ministry of Works on commission does not yet have behalf of the Natural Cas spacific environmental in Taranaki, details of the

> put before the town planners! Little has been heard from ment turned down its request

But on January 17, a letter Corporation outilning environmental guidelines for the was sent to the Walmats West

County Council. In thet letter, acting commissioner Wendickin says: those questions that should be "As the commission has only saked during the town planvery recently become involved with this project, in an euxiliary capacity, on environmental espects, many of the deteils of the proposal

Inside

EHIND Prime Minister Muldoon's recent threat to restore wage controls lics a bellef among some economista that recent pay increases have been too big and that they are the major slow growth and the likely further deterioration in the balance of payments deficit this year.

inderlying the argument the argument that wage and salary carners - by acting in their own interests - do not necessarily enhance the

VBR is fostering the debate in Our Economics Correspondent backgrounds the Issue on

executive Max Bradfard tolks about the drawbocks of Government-Imposed ncomes policy - Page 15.

rewards to labour have outstripped productivity growth - Pages 16 and 17.

#### Import licensing: more calls for relaxation

THE Planning Council has added a csutious and qualified voice to the growing clamour for ralaxation of import licensing — and without provoking open disagreement by its menufacturer member. Ron Guthrie of McSkluining

Cholrmao Frank Holmoa aid lost week on the relense of the council's Economic Strategy, 1979 that while Guthrie had fod reacryntions praferring n greater omchasia en import substitution than the council would agree to he bad gone nlong with the report, though it was open to minority report.

in e aection licaded "This maens giving emergency protection promoting e more effective protection on e less measures would also be and competitive economy", the council said that e days luction for alternative measures designed to promote measures which will enable assistance by the Government exchange seving), coupled more enterprises to thrive in — such as resettlement and with the tariff revision last year, would help protect in-

These circumstances would make it both opportune and desirable to effect a algnificant liberalisation of quaotitative restrictione on importa into New Zealand,"

"It is of vital importance negotiated. that more New Zealand enterprissa become in-

ernstionally competitive.



discriminatory end more necessery

"These aims would be furthered, not only by the development.
Ilberellaation of import Nervous licensing, but also by faster might elso take bope from the progress towards freeing of cautious saver on devaluation.

"The chaoges should be phased in to fecilitate planned

To this end, the emphasis in regime by enterprises which industrial policy should shift have been relying heavily on towards esalatance to enimport licensing for protection
council and Government exproductivity and contain costs

have been retying to the council and Government excouncil and Government excouncil and Government exproductivity and contain costs

tivities which could not be
and P V O'Rrien, page 10 and eway from techniquea profitably austained in freer which lead to wasteful use of competition with Australia," resources and cost-plus at the council said



the tass protected en-vironment. vestment allowencee and "These aims would be stimulation of research and

Nervous manufacturers trede and rationalisation of development with Australia under NAFTA, if this could be

reported as against it.

But the decision is Finance Minister Robert Muldoon's adjustment to the more liberal and he has carefully left that · See Economics

Correspondent, page 7, on the council and Government exadvencing an alternative

#### STRUCTURED SYSTEM **ANALYSIS**

mission's environmente

the possibility that parts of the

plant will have been landed et

Port Taraneki during the

Walinate West County Council

has been told, elbcit belatedly

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#### Is it time yet for a Minister of Labour?

THE vast mass of unionists, he (Mr Muidoon) cleimed, would be in fovour of the National Party's poticies, especially those invoiving a secret ballot on the question of voluntary unionism. — The New Zealand tteratd of July 10, 1975.

On the evidence ao far, the vast mass of unlonists is anything but in fevour of secret ballots on voluntary unionism. The seid mass is conservative. It has become accustomed to compulsory unioniem, which It has had to live with eince 1936.

This became rapidity clear to Peter Gordon while he was in pay rate, a new allowance or Noel Woods - a former the labour chair. He dragged the chain about getting ballots

By August last year he was laking privately of getting the then pending bailots out of the way and bringing down a softer policy for the election.

As usually because to the data put about that of the woret. As he pointed out, the law on the matter. This is section and the registrar of unions and riddled with observed to the policy of the section.

As usually heppens lo Ministers of Labour, he absorbed some of the realities of industrial relations, Including the near unanimous agreement among acedemics and prectitioners — bureaucrats, unionists and employers was mora comfortable.

Mr D. W. Picot, President, FOODTOWN SUPERMARKETS

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resources. We find our Southern Cross Medical Care scheme meets

this criteria - we're very happy with

meaningful and at the same time

doesn't go beyond our financial

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rclatione system often seems chantle, a mass of antagonistic strikes.

principle of comfort — a well-settled system of relativities which means that basic wage rates are effectively set by the first main trade award in August or September; a aolicitous state apparatus which enforces awards; stateanforced compulsory union membership which avoids that rough stuff that comes with closed shops.

new ground - an out-of-kilter thay passed was described by an employer trying to stop a Secretary of Labour and one of

standard. What is a bit of sbsolute discretionary powers discomfort when you can win a over the makeup of a voting principle — especially when roll for the ballots and counthe principle is as ting of votes, without op-

"freedom of dissociation"? reason.

Company Secretary,

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expenses - these ere real worries that effect the efficiency of your staff - and your business suffers

financial strain oft the members of

our staff. It enables them to select

the timing of major medical and

But in fact it rests on the

The disruptive aspect occurs that some of the methods were when someona wants to break questionable. The legisletion Iabour practice (like the country's most axplifering).
Stirring tha pot about experis—as "about the worst

democratically unim portunities for scrutinearing, peachable as "freedom of And tha minister could impose association", or in this case a ballot without giving any

the white knights of principle the degrae to which the

the peace in insisting on the baliots, the baliots began to run Into union obstructionism The Government then took two

One was the power to deciare a union voluntary If it did not produce a voting roii within 60 days. Within 60 days of passing the amendment (which in effect mada the legislation retrospective), the Government deciared the Ciaricai Workers Union The other adopted

something of a guilty-tiliproved-innocent approach, making ali unions voluntary by banning them from seeking or agreeing to an unqualified preference cisuse (the compulsory union clause) in awards after April 1, this year,

scurities. Overkill, yes. But an election was coming up and a Government with a poor strike record to exptain wanted scalps. Biji Andersen and his ilk were keeping their hasds out of tomahawk range, so the It did not seam to matter to Not unnaturally, in view of clerical workers would do. Some scaip. The union

Mr G. Mangham, Auckland

Branch Manager, TISCO TELEVISION SERVICE

... ea far as an execulive ia

concerned, if you've got some minor dieability I think it impairs your work ability. With Southern

Cross you can gel il reclified at a lime lo suit yourself, and your

ballots. But even offere by unione to run their own ballots were dismissed. As late as December 7 last year, the Government announced another five unione for the compulsory ballot.

go voluntary, who will? The

ahining principle of 1975 has

been rapidiy losing its aliure.

Labour, with employer

Tha Prime Minister said at the time: "The Government's ballot scheme is not on ottock upon compulsory unionism. but on attempt to ensure that the unqualified preference clause ie not retolued in on award or collective agreement dined with him on a Friday unless all the persons to be boond by it hove a chance to express their opinion and that in not having left n forwarding the majority desire the retention of the clouse."

Now either that attempt ims been abandoned or the ringing him in the mid-Government bailints were os evening. unnecessary then as the Government scenis to consider them now. The caucus - itself structive, .tim Bolger, who virtually a compulsory union wanted the Labour portiole, based on the union principle of has already had a taste d solidarity behind the majurity discisions being taken out of his docieiun -- hos booght un FOL hamis. suggestion to drap the Government halints and rely on section 175A tthe "Imilat your members or un

So, instead of expensive threat of wage controls ii Bill secret postal bailots, there will be hondreds of special drivers did not enil of their drivers did not enil of their meetings up ond down the strikes agoinst individual country, supervised in some as yet undefined way by the Labour Department, of which membars will vote secretly for Prime Ministerial bete noirs. or against an unqualified lie is almost equely obsessed preference clause in their with Socialist Unity Party

What is most likely to voluntary unionism.

happen is that unions will It is that which gave political notify their members of the validity to the rumours (set special meetings through their page 2, NBR January 31) of 8 journaia. Special meetings do wago clamp even though the not draw many beyond the economic validity was committed activists who will debatable. Success by duly vote through the daraea might have beefed in naxt year's waga round.)

There might just be the odd Whether the clamp was "no" vote, but I expect that within a year or two not much threat alone, and the manner will be left of the grandlose of its making, highlights the 1975 promises of voluntary need for a Minister of Labour

Researching

PETER GORDON . . . ab-JIM BOLGER . . WINE

Of course, it has all hap pened before — In 1961. The remains to all intents ond purposes the same as it was. The memberahip has not Government thought then that it was giving the anti-unionist It is hard to think of a less union-minded bunch, ot least compulsory unlonism. among the big unions, than the Not a single union or award cierical workere. If they don't

went voiuntary - at least, not . to my knowledge. Ner Zealanders as a rule are rei enticed to the barricades to Last year the Federation of battle for principles, The pity is that the backing, and the affected realisation of this simple,

unions made repeated attempta to persuade the long to dawn on the Govern-Government to drop the etate The questionshie methods

the Government chose, particularly the declaration of the cierical warkers voluntary during the election campaign progressively tarnished Pela Gordon's honourable reputation, so much so that one might have expected someone less loyal to the porty to have given it all up. Ite seemed constantly at odds with the Cabinet and the caneus.

One of his constituents who night last year recalls him taking a schoolbayish delight telephone number with the t'rime Minister, who was apparently in the habit of

trading banks, DFC, Dalgetys, the Manufocturers Federation, Ministry of That trifling trusney, if such Agriculture and Fiaherics, and It was, is rather sad, but be the DSTR. The thrust of Coilwick's paper is that the range of producte exported from New Zealond and our markeling

How many more times over . the coming muntis will Boiger refer reparters "in the outler unqualified proference did when TV One's Spencer dally asked him obout the

imposed is irrelevant. The

in charge of his portfolio.

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influenca as he was with

based products continue in plsy a dominant role in the export trade orea, but manufactured exports have grown significantly and now contribute approximately onequarter of export revenue. develop monpower in this This growth has not been area.

iopment.

reflected in current research THE National Resaarch programmes

research

by Rac Mazengarb

research and development

Improve our export performance. And it hopes to

research and development.

The council has circulated a

discussion paper prepared by Victoria University's

Professor T D C Cullwick. It

has gone to more than 60

interested people and

NRAC says in a covering

discussion on the paper we

hope to bring about a change in

ressarch in relation to

marketing New Zealand

products overseas, and to

translate the papar'a general

recommendations into specific

Just how the council will

bring about e change in

attitudes la not ciear. A

spokeaperson suggested that

the council's role is merely

advisory, but that the more

publicity giveo to Cullwick's

dess, the more people will be

Recipients of the paper will

be asked to make comments

about May. Replies will be

channelled through vertous

committees before the council

forms a polley which can be

sent directly to Science and

Technology Minister Birch.

influence Government

departments and Government-

funded research associations

to adopt research programmes which will adopt

Those expected to comment

include New Zealand Forest

Producta, Winstones, the

methode heve changed

substantially in recent years,

but figurea indicate thera ins

been ao corresponding change

in the pattern of research and

For instance, agriculturni-

satisfy marketing needs.

The council hopes to

influenced by them If they

regard them as sensible.

proposals for action."

"By encouraging

thinking about

organisation

letter:

The major source of research funding in New Advisory Council is trying to establiah If the type of Zealand is the Government. NRAC recommands the neture carried out in New Zealand and level of research policy. can be upgraded to help Of the 1977-76 raasarch allocation of \$76.5 million, \$32.5 million (42.5 per cent) was changs pravalling attitudes to ailocated to egricultural activities. A large proportion of that was concentrated before the farm gate. in contrast, 5.6 per cent was

allocated to manufacturing. These percentages have remained relatively stable for the last six yeare. Io the manufacturing sector. commerciai organications

make substantial research contributions - either directly, in terms of industry research, or Indirectly, through imported technology. In 1973-74, for example, the Government speat \$2.3 million in research relating to the manufacturing sector,

spent by businaseaa themeel yea. Cullwick suggests industry itself is currently spending \$19.1 million. Against this background, he makas a number of recommendations.

compared with \$11.56 million

Primarily, he recommends that "the overall allocation of research expenditure across scctor areas be linked more specifically to export product trends and potential"

Cullwick anggeste that Industrial research and development surveys be further developed and information obtained on an annual basis.

Itescareli priorities should be given to nchieving improved onderstanding of the inarket systems, structure, and demand for axport products - in particular, focusing on market opportunities for processed or manufoctured products.

lte recommends that incentives ba formulated to encoorage the growth of industrial R & D progrommes so that they double in five years. Imported technology should also be actively encooraged, but particular emplinals placed on its appropriateness, tronsfer and

t'uliwick points out the ticuofits of small groups or venturo teams working In aruns such as Industriai design, product dovelopment monogement of technology and adoption of innevations. The paper emphasiaes inadequacies in the training of

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#### Bigger budget load for carriers

CARRIERS are going to have to find a much biggar share of the budget for the country's roads this financial year, and the Covernment tooks at tobal the Covernment tooks at tobal tooks as though the first two will pick up the view) etop the ganaral test for roading, leaving the taxpayer subsidising road tooks as though the first two will pick up the view) etop the ganaral taxpayer subsidising road tooks as though the first two will pick up the view and astablish an the Government looks set to be Government to get away with cartage, and astablish an fight about who is to pay whet.

National Roade Board's budget at \$170 million for 1979-80, an increase of \$10 million — 48.0; mllaage tax, 2.50; Conor just over 6 par cent on this solidated Fund, 9.00; year'a allocation. But the carriers are going to

be asked to find up to \$26 million more as their assessed share of the country'e roading bili. That means an incresse in by the Traasury against the amount of road user charges collected from the \$44 in the beginning of the year, million due in this financial and has since been repaid. year to about \$70 million for

year to about \$70 million for fiscal 1979-80.

The carriars are likely to find few allias in the Cabinet ready to buck Treasury roads, carriars are liable for 42 pressure to increase revenue aa a way of cutting back the massive and mounting this study as an accurate way internal deficit

ha winner in the inevitable virtually nothing.

The Government bas set the National Roade Board's had been set to be virtually nothing.

For the year ending this March the board's budget was: motor spirits, (millional) miaceiianeous, 2.50; totai 164.00. Loan redamption 4.00;

total expenditure, 160.00 The ioan redemption item retates to \$4 million advanced uncollected road user charges

per cent, or nearly \$72 million. They have been disputing

Not only has the of assessing charges, but Funds for the Netlonai Treasury is known to be keen Government saved at least \$5 million in ravenue from motor Roads Board come from three to see them pay their full spirits (petrol tax), but it need areas — carriers, the private share. Apart from the extra

as far as true costs are

alm of Government transport

budgeting for any increase in

year (despite a 2 per cent

growth last year), so with

carriers paying about \$70

million out of a budget of \$170

million, and assuming the

other smaller items remain

tha same, the budget then

looks like this: motor spirits,

(millions) \$99.00; hasvy motor

vehicles, 66.00; mileaga tax,

2.50; miacellaneous, 2.50; total

Nor is the private molorist likely to see any benefit from the shift of petrot tax. It's not costs of road and rail e reduction in the amount transport. Getling both modee collected, merely a change in on a proper economic footing its distribution. That's sure to relse the ire of tha Automobile concerned is one long-tarm Association, among others, whose policy has consistently policy.
The Roads Board is not opposed diversion of income from petrol tax away from the Roads Board Into general income from petrol tex this

Government sources Indicate, however, thet Treasury ie keen to dispel the bellef that pelrol tax is earmarked for roading funds. Instead, it plans to treet petrol tex as a balancing item in the board's books, advancing as much as is required to bring the board's revenue up to the \$170 million figure set by Cabinel before Christmas.

So the upshot is likely to be that carriars pay more, and



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SOAPBOX: a personal view by Reg Birchfield

POLITICS is full of ironica, funny and otherwise.

The Prime Miniater, oo hia back in hospitol laat week, must have reflected on the irony of the situation facing his personal ond bls Government's future at present, even if he gave only scant thought to the future of Naw Zeatand as a whole.

You see, Muldoon's political future, just like the National Party's political future, is in the balance. The fulcrum on which it rests is the issue of 'restructuring' New Zealand'a economy. So far, tha Government has done little more than pay lip service to the concept and only tampered with the mechaniam governing

cliange.
But ilke every major
political event, the unfolding episode rests on one or two individuals, and that's what makes the business of politics so intriguing.

The present altualton, lowever, must be put into an nistorical (recent) context. A faw weeks before last

Vovember's general etection, it became increasingly evident to National Party organisers that the campaign was turning sour. The reason for the curdle centred on one man - the

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Prime Minialar. His tart Party after the election. diaregard for the rights of Suddenly, younger antimany groups was no longer the bureaucratic politicians were acquired taste of an increasing in the pecking order for

Large groups of voters were out numbaring tha forced to vota for the third reactionaries and Muldoon's party attarnativa (Social Credit) becausa Muldoon had without making any further electoral commitmenta.

aegment of the electorata. cabinat

awitched tham off and was incapabla of changing his attitude to reverse the process. intarpretad a now-more-Bealdes, he was probably powerful party's wishes aware of what he was doing, but gambled that ha would still squeeze through on polling day

What he perhapa didn't more in tuture, was ganerally punt on was tha extent to satisfied. But leaving Lanca count on was the extent to which his defeat at the polls (moral if not raal) would streogthen the hand of the raformers, liberats, call them what you ilke, in the National

of Transport was not quita what it had in mind. Still, perhapa it could live with the With the aslection ovar and naw Ministers attending placements were readily cabinet, raformers began to accepted by the party, tha realise that the drop in continued administration of Muidoon's power base Trada and Industry and

> The fact is, that although toward restructuring. Muldoon is a politician of Both these ministries are considerable atrength, he has key factors in the process of no stomach for radical change, influencing, as they thinking, particularly radical do, the policlea that govern economic thinking. Even when trade New Zealand was obviously communications. faced with radical problems with one excaption, the changa be taking the lead in the

posta, and

centralist government

In choosing his oew cablnet,

the Prime Minlater

with one or two major

exceptions. The party, in

making it quite clear that it

expected the leadar of tha

Government to toa the line

Adama-Schnelder as Minister

of Trads and Industry and

Colin McLachlan as Minister

supporters in caucus.

National Party, is foced with having to accept significant changes in economic thinking, or risk its political future in 1961, not to mantion davastaling Naw Zealand's future economic weilbeing.

Several National Party insiders now firmly believe that Muldoon is facing the crunch dectation of his career. Either he accepta the necd for dramatic economic poticy changaa — including naw attitudea toward import and prica controls - and mplamenta them, or faces so much internat party disastisfaction that a leadership tussla may become a diatinct posalbility.

You can always gauge the measura of fealing and mood for changa inside political parties by the degree of open criticism — not from accepted mavericks, but from those who are usually either tightlipped or preparad to rationaliae away diataataful political directions simply to maintain

reached a different level in The next month or so mny

prove vitally important for

Criticism of Muldoon has

And now for the Irony. While moat cabinet presented an opportunity for Transport by two Miniaters real change - perhaps even a who should have been return to support for private auparsaded by perhaps enterprise. Certaloly more younger politicians more ffective economic measures prepared to embracs change threatans the very move

access

The departments that should In bank rates — he refused to rastructuring process are accept radical sotutions during ironically administered by his first three years in power. men who will tand to agree The Government, with the Prime Minister in his confronted by preasura from rather consarvativa view of both within and outside the economic change.

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#### **EDITORIAL**

IN March 1977, the Public Expenditure Committee called for praposals from the news media and from Government departments in response to the idea that more of its meetings be queued to the public gaze. The then committee chuirman, Bill Birth declared he lind been impressed by open Senate committee hearings he had seen in the United States, and he spoke of his belief that it would be "it same comfort" to the public here to know of the wide-ranging inquiries that were undertaken by Parliament's most influential and most active enmuilttee.

The proposal was consistent with a National Party election plank to support moves towards mare anen government, and was talled - at least hy the news media - as a step that would cosme the committee further developed an independent searching attitude in all fields of Parliamentary apprapriation.

The horeaucracy had ather ideas, articulated for example - by then Defence Secretary John Robertson, Open hearings would discourage public servants from giving information, he warned (raising questions ulant just who is in charge), And he pointed out that closed hearings were a good opportunity for the senior public servants to freely give information to members at both political parties; they were able to talk fairly freely about matters of pullcy, for example, rather than having to leave policy with their Cahinet Ministers (which raises further questions about that myth of Mbnisterial responsibility which the executive Insists on perpetuntlug).

The anxiety of Government departments about keeping henrings closed should have served as god cause for our Parllamentary representatives t remove at least some of the mystery which surrounds Government administration, but the result was a ruling that cyldence given to the Publi Expenditure Cumultice could be made public by MPs only in five-minute speeches in Estimate debates in the House. It was a clear victory is sceret government.

An Initial member of the sub-committee which made the study was Marilyn Waring, Endeed, sheb sald to have been instrumental in ruising ibi question of open hearings, Hefore the work wat completed, however, she was shifted to onother select committee - whether because of he concern to make competitive work more publicist matter for conjecture.

Now she is back on the enmultiee - a surprise choice as clinirmont. And lost week, she indicated she has lost none of her reformist zeul. She hopel not only lo call in departmental staff to girt evidence before the committee, but also that subcommittees will travel ornund the country paying surprise visits to unsuspecting bureancrats. She will be looking particularly at areas of dupicalion — of Information and services — from deportment in depurtment, "I'm Interested in hrenklag down rathor thon relatering Government depurtments," she declared. The taxpuying poblic will wish her well and trust that she can galvankt committee colleagues into making the Public Expenditure Committee a more effective Instrument of Purllamentary control.

That there is widespread incompetence in the Government's financial management was made clear last year, in the report of the Controller and Auditor-General on financial management and control in the administration of government Among other complaints, the report noted that accountability to Parliament was inadequale.

The Public Expenditure Cummittee has seem unwilling to flex all its muscle in recent years and gives the impression the bureaucrats hold the whip hand. Treasury officinis, for example, are said to have cautioned committee interrogators of occasiona that if a certain line of questioning is pursued, further co-operation from the department might not be forthcoming.

As the burenucrncy has accumulated creasing powers, of course, a widespread bellet developed in the community that political control exerciaed by Miniatera over their departments the critical scrutiny of the Government maintained by the Opposition in Parliament are insufficient in reveal and remedy the administrative abuses whether intentional or unintentional — which cur. Waring has a golden opportunity to restore Parliament at least some semblance of a capacity to check mismanagement and to dissipate just a fraction, perhaps, of the public's dislibusionment.

WE hear of one viewer the Emphasiaing Wang's other night who was bothered worldwide market, ha put up a by TV Two's gratuitous slida showing the legand o'clock news reference to "Wang" on a map of the "petita bionde", Linda Jones.

world; a styllsed map, with all His promptly phoned Avalon to the small, unimportant bits voice his objection by left out — like those small, oscartaining from tha news unimportant Islands to the editor when reference would south-east of Australia. be made to "slim, brunette" Earlisr Masl had been en-Bobby Vance - or, even thusing to our correspondent battar, when describing the that New Zealand was Wang's next political race, to "fat, balding" Rob Muldoon. fastest-growing market. They

whom the comptainant could TV One's "Dateline Monday" Still, it was Waltangl Day --was due to go back to air this a day for preoccupation with week with all that is most ips between Maori profound in current affairs. and pakeha, rathar than one But Its companion programme, 'Prime Time', for worrying about sexiat news waa stalled by staffing difficulties, not least

Troubla waa, tho newsroom

was empty. The receptionist was unabla to find anyone with

discuss the matter.

talk to the newa mcdia.

investigating officer Paul

Carpinter's Anzass speech on

Import protaction, an

instruction want out from

permanent head Noel Lough -

appropriately, on pink paper

- that no one below assistan

its cars as a result.

IT is not just the newly-liberating Chinese regime that is bothered about free apeech Geoff Wana. As we hear it, tho atall is likely to be permanent. TV One getting out of hand. That august body, the New Zealand is about to abandon its attempt to produce two "different Treasury, has been forced into programmes with ooa staff a clampdown on its version of and to have two "Datelines" -tha wall poster - staff who one for Monday and ons for Wednesday. In the waka of senlor

But the Wednesday edition will not be seen for some weaks - until executive producer Bili Earl has found someone to help out lan Fraser and Jim Hopkins.

secretary level was to give the PRIME MINISTER Muldoon's news medla anything other than factual information of the policy of not holding presa conferences and of perusing "how many tonnes of oll do we use a year" voriety.

In Britain, the once cinmilike Trensury has been before deciding who he will lalk to led to the absurdity of winkled partially lolo the open by a backhencher's bitt given the royal runaround in adopted by Parlinment I which his quest for information nhout obliges it to publish its the recent threat to reimpose forecasis. Surprisingty, the wage controls.

tadour Minister Bolger Government superstructure hos not crashed down around referred him (somewhat pointedly, we hear) to "the Preclous few of our author" of the iden. That was backbenchers look likely to lift Muidson, and he wasn't the tid on our Treasury, so talking. Try the Minister of may we commend it to the new Labour, was the Catch 22 chnirperson of Partiament's advice.

potentially powerful public. Further absurdities have expenditure committee as a lavotved information-hungry worthy topic for investigation, newspapers reporting the results of their talerviews with reporters who have been ranted a rare audience with PAYING on annual visit to the The Boss, far-flung outposis of his em-

Generally, the new policy pire, Carl Musi, morketing means that Porliamentary support director for computer reporters must earn their keep compony Wang, gave a hy going in the Ministers presentation on the henefits of the compony's office products.

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obviously don't tali the people who design their publicity individual enterprisa.

But one problam area is the economy. The Minister of Financs, stas, is no more forthcoming than the Prime

Those concernsd about our economic policias and the reasoning behind them must rely on the morsels thrown to departure of its producer, cluha and in the Prime Minister's once-s-week communication with the world through his column in Truth (which means Pravda, to Russian -- an institutionalised mouthplace for the Soviet Government).

> second and third best --perhaps because thay are I have been involved in. All of being kept in the dark too.

> Tha Transury report ore under instructions as a prepared in December and general policy to conduct thair calling for changas in administration in the same

sought, and it means that reportedly was supplied at his Ministers ara expected to orders only to the PM (and in demonstrate a capacity for keeping with our oew system of opan govarnment, Templeton and Quigley declined to comment when asked if they had seen it).

These goings-on ln

government hava obvious implications for a democratic system whose effectiveness depends on an informed electorate. More curiously, it la a departure for a Prime Minister who - speaking to the Weilington Press Club on November 26, 1976 --- could became Parliamentary Under-secretary to Harry Lake I adopted tha theory that an informed public is a Tha Deputy Minister or reaponsive public, and I have Associate Ministers of Finance done my best, throughout that seem unable to serve as period, to keep the public up with the play on anything that

the Ministers in my Cabinet Government economic poilcy open way that I try to do. In

accordance with that policy they should be available to the news media st any time, and on any issue, subject only to the imitationa of their own programmes and engagements."

READERS of The Dominion may have been impressed last eek by the forecasting of Ita Monday morning commercial

The paper reported that the naed for a massive restructuring of the economy had been characteristic of virtually all the reports on New Zealand's economy problams in the last year or so. and it declared that yet anothar report offaring solutions for the economy was due to be published later in the week from the Naw Zealand Planning Council.

Then came some insights: "It is undarstood that, ecboing the OECD raport, the Planning Councit also advocates devaluation of tha

"The council's report is understood to suggast ciassical economic solutions rather than the policies, many of them stop-go ones, under which New Zealand has been run for the past 40 years . . .

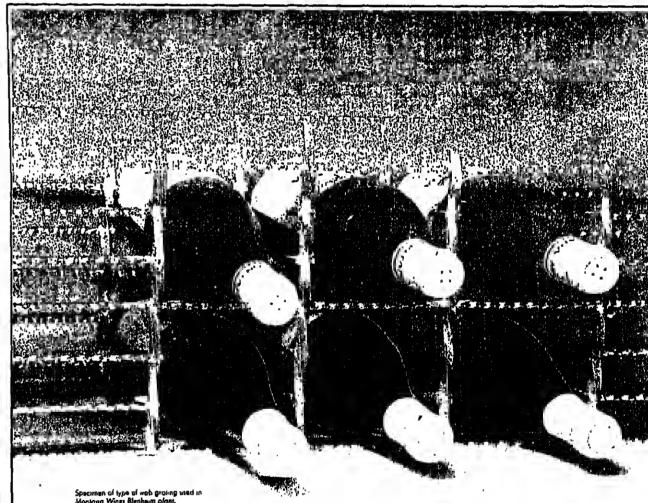
"Apparently the report does not advocate a waga restraint worked in the past. However lt

is understood to racommend that the Arbitration Court be strengthened to monitor proposed aettlements before hey are enforced . . . . '

And ao on. When the report was publicly released later in the week, Tho Dominion was seen to have 20-20 forward vision. And maybe the papar's directors were prompted into some last-minute reappraisals about the abilities of job applicants as they pondsred the appointment of a new editor.

But the Planning Council had been gracious enough to send copies of the report to news media late the previous week, embargoing it for rslease soveral days later. Assuming The Dominion is still on the council's mailing list, it therefore should have had the advantage of the advance copy — In which case ita understanding of what might appear in tha report should have been no more than an exercise in comprehending the simpla English in which the report was written by its

JUST in case you missed it, Radio New Zealand's Evening Report brought llateners up to date on the condition of Rob Muldoon afler his operation with the observation he was policy because these have not now running the country



#### Fortified Wine

When Montano Wines shifted part of their wine-making plant fram Nelsan to Blenheim, Steel & Tube were chosen to supply the Web Grating for their refurbished premises.

As New Zealand's largest supplier of steel products (steel, tube and fosteners) this project is just ane of an extensive range of contracts

which Steel & Tube is involved in all over the

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Whotever you want to do with steel -Steel & Tube have the specialist experience and technical know-how to meet your

Steel is our business - call us.



Bob Edla

#### NZ won't follow Aust. Battery-electric alternative to interest move SOME small savinge banks in Australle have begun paying interest on personal cheque account deposits in the

hope of attracting more deposits. But it acems unlikely tilat New Zealand banks will

adopt similar policies. Bili Poola, research director of the NZ Bankera Association, said there was no reason to suppose that the larger trading banke could follow sult either in Naw Zealand or Austrelia — without in- of savings bank deposits. creasing income in other

banks did not follow this lead. farming end personal lending. some

The answer

The height of the

by the height of the

building and the type

equipment to be

"The costs of cheque account operatione, when thay of funds for export and emmust be borne by the benk for ployment generating ecctors fees below these costs, as hes could attract official disapbeen the esse in Now Zealand, proval, he said.

there were complaints that coete were too high.

Apart from the problem of eroding banks' reserves, under current regulations trading and diesel buses raises e banks do not accept interest- number of questione ebout bearing deposits of less than 30 energy and transport policles in a tight economic en-Treditionally, the approach

The problem for Coolstores Bay of Plenty Ltd.

How to store 3132 pallets in areas compact

pumped in to retard the ripening process?

system shemilton. Percy tailored to their needs!

Easy adjustment

and depths, allows

for changing stock

of beem levels,

freme heights

volumes end

peckaging.

enough to seal with covers, so that gas can be

is Dexion Keylock adjustable, heavy-duty storage

has been to limit trading. For instance, just how much banka' competition in the area are the Government and local of savings bank deposits.

Poole said he did not see any reason for a chenge in the bodies prepared to pay to eupport their professed policies of using local energy

atability if a savings bank did When Wellington'a Mayor attract funds from trading banks? Pools said there would which for many years allowed be some impact on the he made the point that the cheque account operations on availability of industrial and council would probably be its 3 per cent deposits. Major commercial financa, for forced to buy diesel unless

Any threat to the availability

conduct a joint evaluation with

resources and saving valuable

foreign excbange? Michael Fowler led a deputation to the Government, arrangemast could be made.

Weilingtos la looking to replace 68 eging trolleys under tha Government's bue

Thesa are cheaper to buy, but have e shorter life end ere more expensive to operate and maintain, although they are

extra financial assistance to the council, it seemed clear the council would be forced to buy diesals despite tha en-

After the meeting with four mixture of trolleys and dieseis. The exercise le being

regerded particularly in Govarnment's Intentions towerde locel authoritias looking at their future urban

This problem posed by Cootstores Bay of Pienty Ltd. In Te Puke, le typical of the widely varied and specialised storage systems that Keyldck is designed to cope with:

Sut that's the besuty of Kaylock — it's so wersatile, yet so very individuel — truly the answel for today's storage nases and tomorrow's expansion.

**⊘**Dexion

The Keylock

Beam Connector Engineered with sefery and adjusted the local in settling thrust congrant hooks. A crash way in make blame and bender at Triby Charles



DIESEL BUSES . . . environmental and energy costs.

believes the Wallington City Council is looking at the wrong sort of compromise is Roy Leembruggen, a Sydney enginaer, who is also a tenderer for the council's bus

Four years ago, Leembruggen's company, Elroy Enginearing, designed and built a demonstrator battery electric bus. It was dealgned to operate in dense inner-city traffic, to carry 1t8 passengere able to entar and leave rapidly, and to operate for three or four hours before swapping its batleries for a fresh pack in five minutes.

Townobile. This overcomes Inherent disadvantages of troiley buses: the tangle of overheads in Inner city routee, where the overheads would be dispensed with and the buses would operate on battery; and outagee on the suburban routes. Instead of calling out tha diasels when roedworks or accidents block the Irolley route, battery-irolley and innar city sections on their internal batlerias. The belterles would be recharged when the buses were being powered from the overhead.

Wellington has been offered the three Townobile versions: the bettery-only, the trolleybattery, end e trolloy-only. Leembruggan edvnncoa several reesons why tho

lownobile has not found any takers in Austrelia. First, battery electric propuision is a foroign discipline to institutional trensport englnesrs reared in

Second, Leembruggen'e Townobile bus is, in computer language, the "herdwere" of whet is basically e diffarent epproech to public trensport. Leembruggen offers the busee in pecks of 10, complete with a depot for battery-swapping, battery recherging, and

epproach from suburben terminale and, on reaching the inner city araa, progress through city traffic to their turnsround point, dropping off passengers, so that more and more diesels carry less and

Leembruggen sees anburban diesels offloading passengers on reaching the outskirts of the inner city aree. A few Townobiles, operating a circla or shuttle route in the Inner city, would handle all the inner city transport.

A State Government etudy in Australia found that annual capital and opereting costs for Townobiles would be 68 per cant of comparable diesel costs. In the USA, the General Motors Transit Technology Group study produced the nearly identical figure of 67

One man who says he compared with diesel.

Leembruggen is also offering to build a fectory wherever Townobiles are first ordered with a 60 to 80 per cent Apart from any con-

derations about New Zealand eatablishing another menufacturing first in building and posaibly exporting electric es, there will be interest in this and other pieces of alternativa technology, which seem well designed to fil in with our abundant electric power resources and sceree foreign exchange. Well suited, that is, if the Government is prepared to pay a higher capital cosi immediately in Leembrugen has evolved a capital cosl immediately battery-trolley version of his gain longer-term benefits.

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#### Govt must cut spending — Planning Council

Correspondent

PROPER control of money and spending will require a considerable reduction in the Government'a deficit before borrowing in 1979.

This warning comes from the Plenning Council in Ite stest publication, Economic trategy, 1979.

According to the council, the rapid increase in Govarnment expenditura, covered much less than usual by tex evenues, bas pleyed a big part in the recent expansion of money and credit, and in stimuleting domestic con-

The council seys it does not think the expansion of money and credit can continua at euch a high rate without adding to the difficulties already present in ettempts to curb inflation. Some steps have been taken o moderata the mooetary

impact of the Government's deficit. The Reserve Bank'e ovar the growth of money, recenl stock issues have attrected beevy public borrowing. But the council points out that sithough this borrowing

will continue to be desirable in the short term as a meens of keeping private sector credit in chack, it could have damaging effects in the long term. It could make credit lo productive enterprises acerce and expensive. Large Government deficits

may elso add to the problems of saving oversess exchange. While injections of Governmeni money into the aconomy wually have a useful shortistm influence on domestic consumption (ceusing consumer demend to rise, encoureging firms to increase their oulput), the long-run effects are unwanted. If local producers do not geer up their production, or cannot offer preferred goods, the injection of Government funds will end p financing increased import

demand for them generated by Government spanding, the Government's axpensionary measure will fuel price risas. The council warne that "the ineviteble impact affect on prices must not be permitted to generate a general upword pressure on costs". To this end, "future Government measuree must be accompanied by firmar control

spending, and incomes. "The besic principles must be to echiave es soon as possible, a rete of price increase no greeter than that o our trading partners and to expand exports."

It is cleer that the Planning Council wants the Government to reduce its deficit. But does the Government heve to reduce its spending in order to reduce the deficit? Here, the council's report becomes

According to the council "there must be a switch in tha distribution of Income towards farmere and compenles which earn end seve foreign exand investment activities to expand, while living within our external means keeping tha balance of paymente deficil at o sustolnoble level), restraint bo needed for e while."

The council etill suffers from the misapprehension that the And if the supply of locally national cake ofweys sleys the produced or imported goods same size. The council appears and services falls to meet the to argue that whom the

**BUDGET DIRECTOR — COOK** 

**ISLANDS** 

The Ministry of Foreign Affairs is seeking applications under New Zealand's Bilateral Aid

Programme for the position of Budget Director

in the Cook Islands Treasury Department. The

appointment will be for a term of not less than

two years and since the present appointee's

assignment has expired, applicant should be

available to take up the position as soon as

The Budget Director will be responsible for scrively

participating in and coordinating the ennuel Government Budget. Specifically this will involve:

1. Assisting departments in the preparation of

2. Coordinating all estimetes into report format for the

Overall lisison of the budget cycle to the point where it is tabled in the Legislative Assambly; integrating the recurrent budget into an overall development budget incorporating all externally financed expanditure.

Psnding the introduction of en improved stores purchasing system the appointee will be required to:

Review ell purchese requisitions with a view towards controlling expenditure and coordinating supply.
 Review and comment on Cabinet Submissions requiring

expenditure approval.

Monitor the monthly expenditure and revenue reports iboth actual and forecast] and provide an internal control over the existing commitment system. The appointse will be attached to the Cook Islands Treasury and will be actively involved in training local staff in both Treasury and in other Departments.

er of Finance

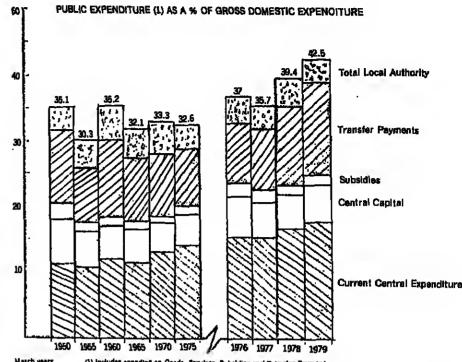
Qualifications:

expenditure and revenue estimates for a three-year

#### share of this cake, it is depriving farmars, companies and other "worthy" privete individuals of the resources necessary for tham to develop.

In fect, the national cake is always changing in size. If the cake grows as a result of Government epending, there is a possibility that the share going to the private eector will also grow. While so doubt tha spending better, it may etill be necassary to increase exorder to stimulate growth and to provide the back-up services which enable compenies and farmara to produce more

It le possible that the Govarnment's deficit will automatically reduce this year, without a curbing of Government epending. As the Planning Council points out, income tex revanues will increase appreciably es a result of the big pay increases which have laiready) oc-



Government has recently increased its share of GDE. Will this trend continue bayond 1979?

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## NBR BUSINESS WEFK

#### Commission's findings favour contractors

by Peter V O'Brien header harvester to harvest THE small fellow can still take crops for a farmer client, and on the hureaucracy and win, sent the client an account for The Commerce Commission the work. The commission delegation recently issued a decision on recorded evidence that the secretary", informed the

Trade and Industry, and found partnership of N H and G G Meyer, who are in busineas as complained to the secretary egriculturel cootractors at that the retes appeared Ladbrooks near Christchurch, excessiva,

The decision, and the case

an appeal from e pricing cliant failed to pay uotil decialon of the Secretary for January 1978, and then withhald 7.25 per cent.

When the partners pressed for full paymant, tha client

itself, egain focuses attention nation's economic watchdogs on our incredible price system. swung Into ection. The

Wood & Mitchell

advertising limited

"spprovad" certsin hourly haadsr-harvastar rates of

charge for those two easson. The partnership appealsd against these considering them inadaqusts Since the appasl, the Thes the full weight of tha sacretary has revised end increased the rataa originally epproved, and hea eet an Tha fects of the case were secretary inquired into the hourly rate for the 1978-79

Department of Trede and later rates were accepteble to Industry, Christchurch, the psrtnership, and did not "presumably scling under e inquire into that question.)

by counsel.)

recommended by

Federation," the commission

acquence of events after the

secretary applied himself to

the charges, the commission

found thet "instead of seeking

partnership's chorges should

have heen in terms of

regulatinn 19, the secretary

the regulations to nuply

retrospective prices to the

scheons in questinn.

retrospective power.

Regulations, 1974.

decision handed down. But how at

to ascertain what the

The partnership's charges ceme withia "Category B, partnership that ha had Group 2 Servicas", under the Stabilisetlon of Prices Regulations 1974, and particularly regulations 18 to 22 which set out how chargea are to be mada.

"The evidence presented to the commission established that the partnership's prices in the two seasons had not been determined in eccordance stringhtforwerd. Between January and March 1977, the partnership amployed its 1878, the district officer, not concerned whether thesa with regulation 18. Ut should be noted that the appellants conducted their own case before the commission; the with regulation 18." (It should

"In fact, Mr Moyer the local harvesting se neknowledged that he had not tractors were meking been aword of the existence of illegal buck, mersly because the Regulations, with the set of antiquated regulation result that at no time hod the has been kept in force. h partnership observed the partners had their day i provision of the ftegulations as court, but they may have to they apply to the nffairs of the more. Their oppeal highligh charged by the pertnership, sesson by sesson, have always been based upon the charges

were applied to see whele New Zcaland Contractors regulations.

control, and the commission will provide a little me

the judicrous state of mi decision could not have on at a better tima. Perheun Agricultural Section of the

#### "Our ability to restore new hampered by numerous and When discussing the Govt buy FOL ballot solution

FIRESTONE NZ LTD la

spplying tight financial controls to an industry which

suffera from overcapacity and an easing demond for

The tyre industry has been

going through e tough time. There has been speculation

that one of the three unita

operating in the country might

eventually throw in its hand.

That has not happened so far,

and the companies are dealing

well with e difficult situation.

A comment from Firestone's

The recession in the economy

report sums up the position:

had its effect in both the

replacement end original

eoulpment new tyre markets

from mid-1977 onwards. On the

other hand, demand for

retreads has strengthened."

Industrial Reporter

THE Government's mis haliot exercise seems to be been settied, terminsing flery industrial confront over the issue.

eddressed himself to a dctermination of what he considered, in the light of his solution is the same one information, would have been Federation of Lab reasonable prices for the proposed ut the beginning services in the two sensous in letting miion members call question' The commission their own hallot, then said that the secretary 'Typicality, the

Typically, the union: must have taken that course Government fight got be under reguintion 24 which and hotter as the Gener gives him nuthority at any Election drew near, t timo lo inquire into prices quickly subsided after # being charged for any clection. Nutional was in power 5

Category B gonde or services. After ennyussing the years when it decided to ff wording of the various its 1975 Manifesto promise. ions, the commission give all workers in # concluded that "the secretary imiestry life right to chehas failed to establish that the whether their mion is going: partnership's prices for its la voluntary or compulse header-harvester services in

The Fili, blustered and if the t876-77 and t077-711 unionists would refuse to w horvesting seasons were in with non-unbolls if a gw excess of those which it could wrnt voinntary. properly charge puramani to FOI. president Sir Te

Skinner insisted that the mis-In addition, even if the illavement when't afraid secretary had established titls serret imileis, but objected point, he ind no power under Guvernment nebltrad dictnting who will be ballets In July 1977, R Government lleied five une to be polleif.

In regard to the application of regulation 24 the secretary prices at eny time), tho commission held that it epplies to setting prices for the supply of services which will he supplied in the futuro "i.e. they thought would believe the supplied after the to services supplied efter the secretery's fixation of a price

Wes predictohic

Government pollad the secon and third uniona (Canterio) Rubber Workare and Chemical Fertiliaer Works and then listed a further unions to ha balloted.

problems by polling works covered by a certain away rethar than members of certain union. Soma union negotiata 15 to 20 awards they don't keep treck of with memhere are covered by which award.

It was also a bit on the The case was dealt with according to the procedures laid down. A complaint was lodged, a decision reached, an appeal mede against the decision, an appeal hearing hy a threa man division of the commission and a formal decision handed down.

It was also a bit on the for the Government to demand that the that unions supply the that the unions supply the coing list for e ballot in disapproved of). The Laby disapproved of). The Laby disapproved of the coing list for e ballot in disapproved of the union list as correct. In August, the Industrial decision handed down. Relations Council made up ahaurdi representatives from the F

"safe" unions (Weilington Government) recommended s moratorium on baliots until Rubber Workers and Dunlop) were balloted and voted to

TYRE PRODUCTION

if members aren't happy about it, o petition of to per cent of the members can force the unlou to hold a ballot.
in the end, the FOL is getting the solution

But no one yet hes added up the total coat of the axercise.

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#### The company siso had to tyre inventories to adequate persistent stopps gee et the face problems unconnected to levels and deliver the market's tyre plant. The length of the the vagarles of the market: requirements was severely stoppagea varied as did the reasons for them, but they ell

contributed to a subatantiai

slightly higher than 1877's

\$532,577, coming out at

secounted for \$4,687,239,

enmpared with \$4,661,646 in

It seems that a combination

of lower inventory, a tighter

businesa climste, and close

attention to coilections was

responsible for "eccounts

As a result of movements i

\$4,437,956 to \$4,309,543.

the previous year.

probably better in volume terms than the position disclosed when the inventory is recorded in inflated dollars.

Analysing annual accounts

At halance date (October 31 L inventorice totalled \$7.6 million, compored with \$7.8 million in 1977. Raw materials and supplies finished the year at \$2,360,817, as against \$2,562,595, probably helped by "fairly stable" material prices. Work in progress waa

"wasteful" exercise. Sir Tom suys that if all unions were balloted it would cost the tuxpnyer \$5.5 millinn. Former Luiour Minister Peter Gordon \$567,492, while finlehed goods says it would be much lower.

Now it looks os though, the Government has siropped its baliots, as long os the unions show they have support from members for rataining compulsory unloniam

inventory and eccounts receivables, current essets propo**acd**.

totslied \$12.1 million, an improvement of about 3.5 per cent on the year. Current iiahiiltles hod aftor allowanca for \$3.8 millio

of "iong term ioans due within ono year." That amount was transferred to term lieblitles apparantly ea a result of rofinancing ovaraess loans Prasaure on costs shows up in both the profit and loss account, and elso in a pie chart

of salea was applied. back of the report, and failing

goods Financial charges Interest on notes the profit and loss account, is a income tax Dividends minor criticism of the Firestone report. If the company is prepared to publish the information, it Profit retained Manufacturing and operating would be convenient for expenses Wages and salarle readers to see it in the formal accounts, rather than refer to a graph which, etrictly apeaking, is outside the formal accounting data).

The table shows how the could disguise a substential various components of the increese in unit wage saics doilar changed between

The chairman refers in his review to a sharp increase in wage rates within the industry, and in those which ovide services.

The point receives no further expisnation, and aite oddiy with an opparent reduction in the proportion of the sales taken up in that item. A drop in the number of loes in efficiency and

explanation. Fewer employees how far an organieetion can allowance.

analyse the New Zealand tyre market, or give suh hreekdowns of its finences when they relate to one

(cents)

26.2

100.0

currently employed. While some explanation of that point would be welcome, materials. trouble of giving information on the breakdown of costs between various expense

headings. The company's report is always brief, but thet is not necessarily a bad thing, given the information provided, and employees while prices the fact that it is e one-product increased may be one enterprise. There is a limit to

payments over the steff

product, or to its component But pressure was certainly present on margins. While

total seles hit \$39.3 million, an increase of \$4.7 million or 13.6 per cent over 1977, pre-tax earnings went from \$3,991,357 to \$4,407,358, e movement of 10.4 per cent. Higher net profit received a boost from tax chenges, including \$142,000



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#### aiternetives were retain the status quo. investigated. But the Prime Minister So far, eight unions hove refused been balioted, and the known It was in September Gess results ali favour compulsory than two months to Election membership. Some ere still in Dayl that Rob Muldoon dispute through the courts.) tbreatened that eli unlons Union leaders cali it a

would be declared voluntary if the Bank Officers Union didn't supply its membership list on

weeks to go) the Government took the surprise step of deciaring the 33,000 mcmbers in the Clerical Workers award and the Licensed flotel Clerical Workers eword os

non-compulsory unlane. This was despite the union's ineistence that it lind met the deadline for turning over ita voting rolls.

Recently, the Clerical Union found that only 2 to 3 per cent of its members took ndvantage of the voluntary status by

resigning.

The first ballol in Ocide. 1977, was of the too Golden & Cement workers. The FC sent nlong n representative help conduct the ballot, self

etc., and cannot possibly be The voting result from closo-knit, strife-free eken to heve application to the price or prices at which ovor whelming aupport aervices have been supplied in continuing compulati

ooth thasa casee, there wea no provision in the regulations ea to what would he done with the excess of the previous chargos, neither forfeiture nor refund. That

wes another raeaon why The Government asked in reguletion 24 could not be read to give the secretary The appeal was allowed on the grounds that the decision reached was ultre vires tha eecretary in terme of the Stabilization of Pricea

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#### NBR SHAREMARKET SURVEY

**WEEK ENDING FEBRUARY 8, 1979** 

#### Specifics lacking in Planning Council strategy

"A PROGRAMME for 1979 which would be consistent with the medium run strategy set out in Planning Perspectives would need to include ection on three fronts:

(1) Measursa directed to stimulating both earning and seving of overeeas exchange. (2) Measures designed to bring New Zealand's infletion down to retes no greater, end preferably less, than those prevailing on everage in the countries with which we trade, in a msnner which will

employment opportunities. (3) Massures directed to promoting e more efficient, flexible and competitiva

sxpand, end not reduce.

"The required measures will not work if they are introduced mended, therefore, that the Government formulate and announce an integreted plan of cempaign.

Those words, brethren, are taken from the Plenning Services, perticularly

What measures? You will look in vain for specifice.

The council refers to tha option of devaluation, and points out problems in that sporoech. It recommends that policiee "should aim for a reduction of the deficit on current account in the official halance of payments to sbout 2.5 per cent of GNP on sverage declinss to put forward notify price increases? Is

policies to achieve the goal.
The council says it "bellaves thet it would be in the national Interest to foster e greater inflow of direct invastment from overseas in the next phase of our development". It sver a wide front and an active

svereeee interest". No method backs up the recommendatios The Government end the Recerve Bank should publish guidelines for the appropriete growth rate in the msney supply, but no eultebla guideline eppeare in the

Emphesis should be placed on restraining the growth of Government expenditure and ensuring that consumption is not artificially stimulated by unduly low charges for public services, eccording to tha esuncil. Whet restreints? Should the \$46 million subsidy on milk be removed? Should the \$37 million subsidy to the Railweys be cut by raising charges? Should health prescription drug evallebility, be rs vamped? The council will report "further" on stretegies fsr public sxpenditure in the second quarter of 1979, so It

In that document. It is shout Price control relaxetion is rscommended, with formal controls being confined to "e relatively short list of goods

might direct itself to specifics

What goods and services? Whet industries should heve to

it was steted that the compeny lax peyments this year would not benefit from the trading

In lest wesk's article on the cancession will not show up Government monetary policy, until the tax payment made in Merch t980, because the payment due in e faw weeks ie besed on profite eerned in 1977-

Correction

The effect of withdrawing Key indicators

|   |             | Current<br>Period | Previous<br>Year | Per cent |
|---|-------------|-------------------|------------------|----------|
| Canaumers Price Index — all groups base Dec 1877 — 1000 Guilding Parmits Issued SMrial Overseas Reservoe Registered Unemployed — incl those on special work schemes NZUO Share Price Index Reserve Gank Share Price Index | Dec 70      | 110)              | 284.4m           | +10.1    |
|   | Out 58      | \$103,5m          | \$13 18.1m       | -00.52+  |
|   | Out 50 year | \$1031,5m         | \$13 18.1m       | -00.00   |
|   | Nov 78      | \$456,1m          | \$25.2m          | +0.18    |
|   | Dec 78      | 63,750            | \$4,432          | +21.001  |
|   | 8 Feb 79    | 833,13            | \$65.18          | +0.00    |
|   | 5 Feb 58    | 1562              | \$244            | +10.00   |

Over half of National Business Review subscribers are senior company executives.\*

\*National Business Review: profile of the decision-maker medium,
Haylan Research Centre, 1978.

Will several being strongly opposed by those elements affected, they at least are concrete proposels. They

enswers to questions which were being raised before the

csuncil came into existence? Tourism is to be encouraged. How? Import licensing should be liberalised. How, over what period of time, and in reletion to what Items in the schedule? Licensing should be reorganised in what areas, spart from e reference to the meat industry?

Finelly, the council wegs policy between employere end unions. provided "thet it is more than e bout of public oratory from entrenched poeltlons". Econsmic Strategy, 1979 le an excellent sxampls of "public

NBR has often discussed the need for New Zesland to buy overseee technology, end pointsd out thet (e) the technology is necessary for the production sf new export goods, whethar from local rew meterials or from imported commodities, (b) our systems, contrsis end ettitudee ere alreedy teking us off the list of options when oversees esmpanles lask for new processing or manufecturing

A country of 3 million cannot afford to go it alone in expensive technology-oriented industry, whether smell or lerge scale. Industrialists hsva ssme eimpls

requirements when thay enter a country. They went to know (a) that the rules will not be changed part way through the game, (b) that they deel quickly with a few, or one, authority, (c) that the people handling the project inside the country heve an outlook which understands the problems and industrialist, while preserving the interests and goale sf the

country against possible

economic colonialiem

hard ts find, but an organisetion can craate a residual ectivities transferred climete where its members ars able to think end ect in an to the corporation. Regional entrepreneurlel way. Unfortunetely, tha nature and etructure of a Government department acts sgalnst such a climsts. This has been raalieed in other countries, and will have to be realised here to get the industry, the technolsgy, and thus the export gosds, to bring us out of stagnatisn and into eustained

The council has said that 'maasuree'' are needed. While the following few "measures"

chosen as an option.

The cost is edmlitedly an element requiring close examinetion, because they would heve to be introduced et the sxpanse of sther Government programmes. The necessery tradeoffs introducing ecceleroted involve Government expenditure controle, or s reduction of some present paymente. But thet le necessary If New Zealend is welcamas moves to diacuss aver to breek out of ite constraining circle of overseas in dustriel investment, deficite, unemployment, Infletion, and exilled cut to 40 per cent. This wanid, smigretion.

> The ettrection of overseas Industrial investment, and the development of local projects should be placed in the hands of e New Zeal and Industry Corporation. The industry Industry would be transferred to this body. The concequent funding would be echleved from the emount currently spent in the dspartment.

The corporetion would be

responsible to the Minieter of Treda and industry, or e minister of development, and would sctively eeek out industriel opportunitles, utilising overeeas investment elther alone or preferably in partnership with New Zealand firms. It would premote New Zealandes an industrial site in sther countries, particularly the United States, Germany, and Jspan, and would act as the raference point for all projects from overseas. The corporetion would then deal with the various agencles in New Zealand, with the overeeas group dealing only with the corporation until the of the project had gst beyond the planning and construction etage. The corporetion could also assist with offshare opportunities for New Zealend manufacturere. The industries Develspment Commission would be wound up and any

development, as it spplies to industry, would slso come under the corporation. The corporation would be in close contact with the Development Finance Corporation the loan finance Industrial development), but the DFC's Small Businese Agency would be transferred to the New growth in the medlum- to long-Zealend Industrial Corporation, the letter being tha SBA's logical home. The corporation would lialse

closely with the Export-Import

currently proposed for those comprehensive industry development plens. to raising thet allowance to 50 depreciation rates. The NZIC would implement a package of aesistance, for example

leacehold sites, training grants, and so on. As u step to stimulating company tax rates would be on the beeis of the NZIEit's five years. figures for company income in

1978-79, esst obout \$70 million.

tax in the hends of the

recipients the Government

would be forgoing two-thirds

impact sn public revenue.

to general matters

regulations.

strutive

As an elternative ta a cut in company tax rates, or in addition, companies which implemented n profitsharing echeme would be entitled to s t50 per cent tax deduction if they distributed say up to to per cent of the pre-tex profits the enterprise to the workfarce. This daes not mean a 10 per cent wage hike, as it would come from pre-tax profit. Since It would attrect

of the cancession in net terms. That would cost about \$70 development programme. million. Improved company In the langer term, when the profitability would help to reduce the cancession's Price control would he confined to the present Positive List of the Commerce Act. Control of prices for fares

under stetutory authorities would be transferred to the Commerce Commission. The other statutory enthorities would be shollshed or canfined Effective control of all affect prices would be implemented through the investigation and profiteering sections of the Commerce Act. Apart from saving funds from the present system, cansiderable administrative essts would be saved in industry nul Remsval of Recognity proposals

troad transport, air transport, ment and so out time money. There is no reason why a licence should ha o vidinable negativhle instrument. The Planning licence ta drive a mator enc. marshmallow.

ability to drive in accorde with the rules of the road and efficiency being calculated by the normal economic rule of running a profiteble business Liquor licensing opens or emotional arguments, so the issue requires special ossissment.

In ruses where existing licence holders had paid heavy gundwill for their licence, they would be cutitled to write off the resulting empitel loss ugainst taxes over three or

The detailed recommendations of the Tourism Advisory Csuncil Tourism published in 1978 The "liberalisatisa" of

import licensing should be plinsed in over at least a five your period or even eight years at 12.5 per cent a yeari and be directed in the first instance to textiles sod apparel. A phssed period is necessary to mlaimise employment disruptisn and to allow for realizeatisa of people grow up fram the industrial

population with skills grows, it shurt-term concessions to stirnet them for returning New Zealanders1 iato the country. and similar matters coming The thrust of the fex

proposals given above (without the access to the range of services ovuitable to the Unming Council and the Girvernment departments investment and production for expert; to get the population hack in work to massive saving in Government expenditure on the dale; tocal and to lift incomes as a result of live increasing profitability commerce by doing nwny with of enterprises both inculty and the deteiled campliance with on the interintional market requirements on motor spirits abvuluation is not chosen as a and all industries now option. They also adopt a requiring an operating ilcenre product approach rather than

Whether the esnerete would also save admind- suggestions are acceptable or and need modification, is another question. At beast they are sumerete, as appased to the

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| Japan         | 205 70          |
| West German   | y t.9278        |
| USA           | 1.0562          |
| Austria       | 1.0562<br>t4.14 |
| Belglum       | 30.49           |
| China         |                 |
| Denmark       | 1.6489          |
| France        | 5.3445          |
| Greeca        | 4.4321          |
| Hong Kong     | 37.69           |
| india         | 8.0201          |
| Italy         | 8.5276          |
| Malayela      | 878.66          |
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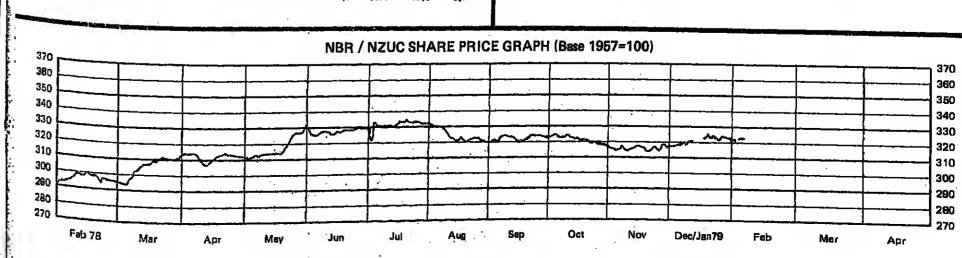


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# "Hello Pete, Ruby, Bruce, Anne, Roy, Les, Brian, Sir, and Graham."

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#### Smorgasbord: Russian roulette for the gourmet

SMORGASBORD lunches are oo the menu again at Wallington's Jamas Cook Hotel, Renowned for its range of 200 or mora amorgasbord delicacies, tha James Cook when pre-Christmas catering laid lunchere low in a foodpolsoning outhreak which went on for three days.

from the Haalth Department, the restaurant is hack in business, and said by one of its managers to be "picking up" after a slow etart, due in part

The financial repercussions of such incidents are hard to measure, and are played down hy managamant. Des Fitzgerold, public relatione director for Lion Braweries, commenting on the 1977 outbreak at the Waterloo, claimed that losses were not lerge, despite the closure of the dining roome for eevaral wacks. Plane ware elready afoot to redesign the Waterloo kitchen and restaurant, and these were hurried along, to the tuna of around \$100,000.

Waterloo guasts were dined out et other Wallington hotels, and losses due to casual dining were a mare fleahlia to the company. With a projected food hudget of \$14 million this year, and the biggest cetering operation outside the armed forces, Lion is roaring all tha way to the bank.

Pater Maikla, Jamee Cook managing director, admitted that financial losses would have been considerable if the outbreak had not occurred ao close to Christmes, with most of the lucrative catering already out of the way. But the period of closure coincided with a normally slack period, when a small a la carte monu is offered instead of the full emorgasbord. Peopla heve short memories, says Meikle, who doesn't foresee any longterm effects on the lunch trade. While the hotel will be losisiling some new refrigeration, no major redesigning of the kitchen hae been called for.

Nevertheless, hotele are not ood polsoning incidents which may occur. Whila tha managements of the Walerloo cooperated with the media, ecording lo one source there



keeps counsal and does not publicise food poisoning outhraaks unless it thinks that the public is at continued risk. While public aweraness of the risks is a good thing, public reaction is a different matter. Once an incident such as that Rara meat is infected, and at the James Cook has been rectified, there is no need for continued public repudiation. Management, however, even with good quality facilitiee, ahould nevar become

complacent.

The depertment wants cooperation, not antagonism, and is reluctant to use its legal powers to ensure the provision of wholesome food. There are never enough health Inspactors to stand over hezardoue. Salmonella and catering esteblishments, so faecal coliform hactaria, other officiels try to creata common causas of food awereness and a sense of polsoning, proliferate under responsibility. Though they admit that adverse publicity their presence in food may motivates improvement, they reflect poor hygiene habits and emphasise that this must be done through the courts.

concocted in the pre- taminating the food at the Christmas scramble is a gestronomic Russian roulette, going by bacteriel sampling of some of the foods presented at there is a case for presenting such times. This may be one reason why this style of eating as is required in the United popularity overseas, where a But to reach really simpler precentation of a dangarous levels, food must range of hot meats and salads have been infected well back in is gaining ground.

In New Zealand, however, despite the hundreds of people affected in the festive seasone of 1977 and 1978, tha Lion continues to offer it at its "high closs" establishments such os the Waterloo and the eager for publicity, either as lo South Pacific, and the James the causee or effects of eny Cock hos no Intention of food releasing the state of the changing the concept of the free-for-all over a daunting array of diehes which hae and James Cook have proved such a success in the

mejor outhreaks in Naw major rethinking of hygiene Zealand hoiels in tha last year. They managed to avoid out that the problem occurred out that the problem occurred publicity, though thay are only under conditions of known within the trade.

prassure, when food was left prassure, when food was left

Ward & Grey's

advertising works.



exposed and unrefrigerated for longer than usual. Ha claimed that designing kit-

chens to operate up to this level all year round would be unaconomic. Melkle aleo emphaeleed that the tima temparature fector was crucial; silced meat (indicated as the cause of the problem) praviously left unrafrigerated would now be restored to refrigeration before eerving. Ha sees the iseua as one which can be solved through commonsense rather than science. But to the Health Depart-

ment, the smorgasbord is a chronic headache and a Christmas nightmare. The organism to which the James Cook outhrank was traced was clostridium perfringans, s typa which is naturally present in raw meat, but le killed by cooked meat or other food can ha reconteminated when stored with raw.

Even eo, the hactarial population can be kept in safa imits if temperature is tightly controllad throughout tha process with the food kapt either very hot or very cold. The expoeure of almost any type of food, for any langth of time, st room temperature is similer conditione, though knowledga rether than inadequate storega.

Some hotele blame their Eating a emorgeshord sloppy cuetomers for conpoint of sale. To the hacteriologists, this is e non-

the food-processing chain, and exposed for many hours in warm, humld, conditions. Rare roast beef, for exampla, may be cooked for three houre, smorgasbord is still in vogue. laft overnight in a werm kitchen to "cool", and stored for several days in a refrigerator. Constant traffic through tha rafrigerator may mean temperatures as high as 65 deg. F instead of a safe level of eround 35 deg. Once sliced, the mest le further exposed on a bench and then in e warm room until finally eaten - hy according to one source there Nor do the managements, in this time densely populated heve been at least three other either case, see a need for a with the clostridia bacteria which have spread from the near raw centre of the joint of

> Health Department In-vestigations, whila they may pinpoint one organism as the cause, untally show that there is potential for the growth of others, which have been eliminated only by chance. Occasionally food such as ham

is bought already in a con-taminated state.

The amorgashord concept, imposed in an a le carte kitchen; provides many op-portunities for bacterial growth A kitchen designed to it the concept would provide a large amount of wheel-in

large amount of wheel-in refrigeration apace with air curtains instead of doors.

There are more problems when the catering is attricted to cover hundreds rather than the tens for which it is designed Risks increase also in proportion to the number of food items offered, each of which has its built in heteres and requirements for correct storage, blost hotels deny the use of left-overs, but even those with highest standards occasionally alip up in this area.

As the nectic habit of the



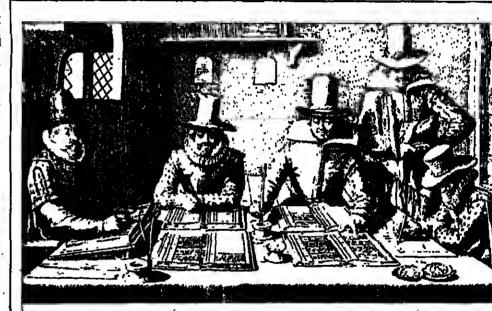
JAMES COOK SMORGASBORD ... en the menu again

Chrietmae hunfight saame An important featura is that destined to flourish despite the the programms can ha risks, the Health Dapartment modified to fit the individual safaty to all concumers of amorgasbord.

Its "quality assurance" checke, foolproof if corried out tempi by the American FDA to of the whole kitchen structure enforce such a programme, there le no intention of making il compulsory, but it will be mede available wherever it is

possible, according to the Health Department. To ensura is trying to work out a peculiarities of any outfit. It. hotele have to huy raw programme which will essure Another is the insistance on materials which ere known to managerial responsibility for be of good quality. The staff undertaking the checks, which handling food must have a will be complementary to the good knowledge of hygienic programma will consist of a course in food hygiene now techniques, end en un-system of voluntary internal offered at most technical in- deretending of the temstitutes. The checking system peratures end conditions according to instructions. could, for example, mean a which will inhibit hecterial Following a disastrous et- six-monthly critical avaiuation growth.

> cleening procedures, tem- necessary, to complain whera perelure controls, dlah-



in terms of food hygiene, with

more frequent evaluations of

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#### Ferry godfather spoke too soon

THE Government's decision to launch its emergency airlift across Cook Strolt last week should have been embarrassing for Transport Minister McLachlan.

Just a few doys earlier, he had been fulsome in his praise ftailwaya Department In ferrying record numbers of passengers and motor vehicles across the strait during the peak holiday season.

"The travelling public might not fully understand the not fully understand the complexity of tha task involved in maintaining a smooth ferry service, but I feel sure they would wish mc, on their behalf, to express appreciation for the efforts of all preclation for the efforts of all who contributed to the be wanting transport when achievement of this fine record efficiency levels by record," McLachlan soid Rallways crawa were being when releasing the hollday or hiaved

figures: from December t7 to January 3t inclusive, the ferries had carried 204,303 passengers (5666 more than in the corresponding period the previous year), and had cnrried 39,669 passengers' vehicles 159,598 the previous

"Tha records set during this period will not easily be bettered," said the Minister. The figures reflected "a high dagree of efficiency on the part of farry crews and terminal

brought in to transport thosa who weren't lucky enough to Wage earners blamed for sluggish economy

Correspondent WAGE and salary earners take note. Some economists are convinceed that your recent pay increases have been too excessive and that they are the major cause of unemployment, slow growth and the likely further deterioration in the balance-of-

paymants deficit this year. And you don't need to be told that many economists think large wage increases fuel

Council, "estimates of the extent to which wages and salaries will have risen during the year to March 1979 vary from 1314 per cent to 17 per cent. With output rising by only about t per cent during the period, labour costs per unit of output will have risen appreciably"

But the increase in pay may not saem so large to the wage and salary earner. Real disposable income (the purchasing power of income ratio, trends in productivity, after tax) will probably rise by and the alower growth in between 4 and 7 per cent.

The argument about how wage and salary changes significant reduction in the others dollars, the constant and exhibits optioned to constant and influence the economy is returns to empital and exhacts organised labor re

the belief that by acting in their own interests, wage and salary earners do noi necessarily enhance the national interest. In particular there are some economists controlling the concept of a who argue that the gap "main path" for wage and between real wages the profit levels Apparently. purchaaing power of wages: macroeconomists ofhose and productivity is increasing While real wages are growing, productivity loutput per person) is falling.

It is difficult to separate cause and effect. Do increases in real wages directly hinder improvement in productivity? in the long run they do. acrording to some economists. Kerry McDonald, director of

the New Zealand Institute of Economic Research. Amual Meeting of the institute last October. He found that "trends in the capital: labour

suggests that the wage earner is holding back progress on the export front and, because export industries are out growing, adding memployment. The comed says that "if New Zealand is to achieve the exports needed for full employment, it is just not on to have another year of rapld increases in pay while output is rising by only 2 or a per cent and the net incomes of farmers and others whose output is erucial for the export drive are being seriously discussion about this isa

shareholder funds in the

economists who study the

entire economy) can deter-

mine a path for wage earners

which is consistent with other

macroeconomic goals and

nhjectives and which results in

In its recent report.

Planning Strategies, the

Planning Conneil has taken by

arguments and added a few

Given New Zealand's

current sluggish economic

growth, the Planning Council

of McDonaid's

increased productivity.

flourishes of its own.

some

And after pointing the finger - from the speech by McDom at wage and salary entners for al wage and salary earners for pages 16, 17) Next weeks undermining New Zealand's will print comments of t production of texportable) speech by economists in the goods and services which will in industrial relations.

Clear concise ideas about the

future of N.Z. agriculture.

At last.

private employers to find e acceptable solution is the

To get profits back to Roth democracy and le "normai" levels and to encourage growth related employment will be under threat if the powerful interests continue recommends wage selling have little regard for the log tille mutional consequences their actions and the

employees and unions wish

subjet procedures to eng wage and sale mercuses are consistent vithe national interest, t I tanning Council lists the isnes which must be faced Pirst, should the general wage order system be relain. along with free collection targamme?

Coveramen

Second. sector adequately schez the goals of preserving to relationships between the n of employees in the publice private sector with undestrable ratchet effect Third, to what extent a statutory controls require

over wages and salaries? The debate about t relationship between wager salary increases and obeconomic activity has seiz implications, both for t individual carner and for t national interest

To help inform pot NIIR has printed extra

"In the end this reacts against the woge carner: n falling productivity, a reduced (as opposed to money) wages opportunities," he says.

some months from completion,

Stage one of the project — a mobile control room in a four-wheel driva vehicle — will be operational by late March. This outside atudio will be equipped with two portable cameras, videotape recording facilities and vision mixing equipment.

The main studio, due for scene using the most up-to-completion a few months later, date equipment. Will have greater capabilities Chairman of the newly

THE WALL

and 35mm film.
Concapt Video Ltd was set up in 1974 as a closed-circuit TV rental husiness by managing director Donn Lock, and grew to a full broadcast production business. Last December, INL announced it had acquired a major shareholding in the company and that with this backing the company would move into the TV advertising

marketing, Ray Shaw

#### Employers' man on drawbacks of wage controls

the policy objectives of recont

Governments in New Zealand

to increese the profitability

and productivliy of exporting

hy a growth in wage increase

In excess of the appropriate

tributed to the leas-than-

adequate productivity per-

formance of the meat-

processing industry, but all

"It is unreasonable to expect

have clearly been undermined

GOVERNMENT-imposed incomes policies have been no solution to economic problems, says Employers Federation ordinator Max Bradford.

While some have been quite auccessful in the ahort run, says Bradford, a former Traaaury economist. "ultimately most incomes policies have merely dalayed tha time that more fundamental fiscal, monetary and exchange rala policy changes have had to be implemented".

His remarks, dalivared in o paper to the science congresa Auckland last month and the result of ground-breaking and continuing economic research. are an interesting comment on the Prime Minister's latest moves on wage regulation.

The main drawback, aa Bradford sees it, is that attampts to hold wagea down whether by ampioyers io negotiations or the Government through regulation have oot had targets related directly enough to the needs of the "exposed sector" of the economy (the export and Import-competing sector).

Thus, aven under various periods of wage controls during this decade, he hos found, wages have risen faster than the exposed sector can

capacity of ludustry in the exposed sector to finance ivestment is reduced, either from internolly generated or

prices are too low and profits rise so that the income distribution moves to fovour of capital, pressures nre generated to take real wage

"In this situation both labour

available increase is to be sector's profitability, distributed between industries productivity or growth

"Amongst some of the im- At the aame tima, ha portant considerationa are: calculates, in the aheltered whether particular industries sector wagas (at 151/2 per cant should be phased out because a year average) grew 12 per they are no longer com- cenl o year faster than petitive, tachnologically or productivity (\$1/2 per cent). socially relevant, or whatever; or whether particular labour skills are needed but are in

Bradford notes that the rhatoric surrounding incomes policles "more often than not...revolves around the need to reduce the rate of inflotion itself without reference to what wage movements should be to presarve or enhance international competition." And he saya that under

wage bargaining relativities and the privatestate private tradesman's ratchet which in effect automatically determines the basic rate increase for each year's round - little, if any extent. emphasis is placed on the needs of the economy as a

Thus, wage rates in the

"exposed sector", the per-formance of which is critical to the health of the economy, are determined in the "sheltered sector" tine sector protected from foreign competition) on hases unrelated to the exposed

By adding the averago annual growth in the real gross force member to the overage anunni growth in prices that the wage "path" halonee was t3 per cent a year for the years 1972-77.

In fact the wage movement for the sector was an overage t512 per cent a yeor, "21/2 per preservotion-of-international-

increases in the form of wage concludes, fell on the exchange drlft, productivity schemes rate - which fell nearly 2 per interest in catablishing what which were in effect drained the major 'puth' for wage off in finance woge increases increases con be and how that rather than improving the

This 12 per cent gap compared closely with the 1t.8 per cent average annual increase in the consumer'a price index, that is, inflation, during tha period. "It seems," he argues, "that

sector, having regard to the institutional way in which wages are fixed. 'Nevertheleas, it does aeem

that some recognition of these macroeconomic factors by both labour market partners exposed aector industries and wage and salary earners

auffered to a greatar or lesser at large is highly deairable."

(while retaining reserve powers when they go beyond the parameters)

necessarily to force the rate of

'Wagea policy means ensuring that real wages grow as fast as the exposed sector liows in the long run."

It would also have to accept the relativity bias of the wagechanged quickly. Labour growing sectors would therefore nead to be ancouraged by other methods than changes in market prices for labour.

The ganeral principles of Bradford's proposed system draw on the Swedish experience where general guidelines for individual wage Bradford'a suggeated negotiations are laid down by "wagea policy" would limit the central union and emthat wage rates can be Government involvement to ployer organisations in conetermined in the exposed aetting out the main economic sultation with the Govern-

April or May the economic outlook over the next 12 to t8 The policy would "not imply holding wagea for its (that policy's) own sake or even defined which the economy would sustain.

This would be passed on to the individual nagotlators and made public. Negotiations would be carried out according to the present avatem and ahould be closely monitored by

The negotioting partles themselvea would responsible for ensuring their agreements fell within the ment would retain the right o influence or control when they did exceed the guidelines.

Bradford suggesta also that Labour and the Employers Federation to resolve individual conflicts and the number of unlons, employer groupings and awards and

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#### Concept soon to swing into production

CONCEPT VIDEO NZ LTD should soon be fully init, making telaylelon commarciala in competition

with TV One.

The building of a 1400 sq ft studio and other majer work is bul all decisions on the type of equipment to be used hava

been mada. Equipment is coming from the United States, Belglum and Britain, and an engineer from the Wellington-based company has visited the Wellington a vision has visited the Uolted Stales for instruction oo its main-

tenance and operation. Ganaral manager Mika Muneceid costs in the capitalintensiva industry would be

than any other production house in Australasia, said



camera operation, a vision awitcher and full postproduction facilities for 16mm

structured company is former TV One controller of sales and

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**UNSECURED NOTES** 

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INVESTMENT OF

#### NZIER director plots the trends in salaries, wages and profits

SINCE the mid-1960s, and to employers) have risen much particularly in the 1970s, total faster than salarles and wages selery and wege paymente post-tax title income of emheve increased fester than net ployees), while the difference output (gross domestie product or offective grose salary and wage earners) has domestic product), in current risen four times as fast as the and constant price terms. But prc-tex aalery and wage the increasing tax blte from growth. saleries and wages hae meant a much slower growth in post-tax incomes, which followed the trand in effective GDP or income to employees.

On a per-employee, constant price basis, asieries and wages efter tax (employees' real diaposabla incomes) increased through the eerly 1960e, purchase power of exports) in plateaued in the second half of constant prices per employee the decede, and then rose es tha measure of total atrongly between 1969-70 and productivity, the results show 1973-74 (17 per cent in four constant price pre-tax salaries years). Since then they heve and wages per employee eteadily declined.

Forecaste show them 9 per cent below the 1973-74 level in 1977-78 but lifting slightly in 1976-79. But they still remain above the level of the 1960s and 1977 salaries and wages were just above the 1970-71 level.

In contrasi, per-employee constant price selaries and wegee before tax rose much moro quickly (et twice the after-tax terms. After-tax, after-lax rete through the constant price salarles end 1970a). And agein the wages per employee closely divergence reflects taxetion follow the trand in total and the fiscal drag effect.

The growth profile wee The rapid rise in salaries elmiler pre- end post-lex and wages per employee was except that pre-tax salaries olfset to a considerable degree and wages fell only slightly in in the economy by productivity the mld-1970s before resuming growth and higher product a iforecest) growth trend. growth and higher product asiling prices. However, the

tax (the nominal cost of labour

Commercial and Industrial Solling -- Leasing hane 726-209 Wellington tincome tax payments by

How do trends in reel salerlea and wages per amployee, ee e cost to employers compare with real productivity trends? Taking changes in effective

GDP tgross domestic product adjusted for the changes in the total productivily growlb through the 1960s. The divergence begins in 1971 and 1972, and varies thereafter. By t2 per cent ahead of productivity and foreceets increese

Thus salaries and wages pre- net impact la still a steady increase in the real labour cost to firms per unit of output, with an inverse impact on

> Growth In the rewards to labour exceeded total net In all cases the real labour output growth, although vir- cost per unit of output rose

SALARIES, wages and profits are key elements in a sound economic policy. The issues they involve are contentious and complex.

This article focuses on recent trends in ealeries and weges, profits, productivity and factor shares In the production process. Heve rewards to lehour outstripped productivity growth and thereby contributed to growing unemployment and low private sector investment levels?

The erticle has been extracted from the conclusions drawn hy T K McDonald, director of the New Zealand Institute of Economic Research, in his address to the 20th annual general meeting of

Over the period eince the

mld-sixtles, company Income

(pre-tax profits) increased in

line with net output. But,

growth wae fester in the 1960s

growth in company incomes

In constant price terms,

and lagged in the 1970s.

significently by 1976-77.

direct taxatlon.

wages in net output for the whole economy rose from 47 to 1970 and lo 56 per cent by 1976. la excluded the salarlea and

This economy-wide trend trends. The real lebour cost varied about a flat trend. In primary produci processing it rose, es it did in services, though in both cases it fall in 1976 (the leteet yaar

But in other manufacturing other than primary product processing), which had the highest rate of salary and wage increace per employea, lhe irand was steadily downward from the early

Given the rising share of salarles ond wages in net output, and a folling share of profits, how did these trends relate to trends in the contributions of copital and inbour to production?

The measurement of total productivity involves reinting reul output clininges to changes in the volume of tuputs teapital and labourt, adjusted for their respective quality productivity changes.

In theory, changes in total outpul can be directly at-tributed to changes in the volume end-or quolity of capital or labour. In practice aignificantly, although the rise wae less, end occurred leter, in the other manufacturing this is extremely difficult. Measuring the volumes of the Iwo factors is not easy, and measuring quality differences ls well uigh impossible.

As a compromiae it la not implausible to eay that the quality changes are the same for cepital end lebour, and to of the capital deepening focus on volume trends.

peaked in 1973-74 and fell For New Zealand Ihere ia no evidence of changes in the The Reserve Bank's deta quelity of cepital and labour. ahow that for public comand some uncerteinty about estimates of the capital liabour real profitability, with adverse panies, the ratio of pre-tax profits to total assets declined retlo. Nevertheless it seems after the early 1970s, although that there has been a stendy prospects thla was offset in after-tex rise in the ratio of capital to terms by the declining effective lax rale. Neverthcless. Philpott estimates on hierease tax take from salaries and economy-wide data show the of 17 per cent between 1960 and wages was associated with the ahare of profits in net output 1976, and forecasts a 30 per Government's desire for as felling from 38 to 33 per cent cent rise between 1970 and livity in the economy, rather between 1960 end 1970 and to 29

per cent by 1978. Similar falls A recent New Zepland oecurred in primary product Chamber of Commerce smyey processing and the service shows the ratio doubling in carners did not accept a soctor, bul in other nominal terms, between 1972 increased supply of public manufacturing the decline was and 1977.

fell in the shere to taxation, in ratio, trends in productivity, line with other public company and the slower growth salarics and wages, indicate a significant reduction to the returns to capital sad sharcholders' funda in the

> The divergence of salaries and wages and lotal productivity guins indicotos an hcreasing "reol wage overhoug" the gap between real wage growth and productivity

The raphi rise in labour costs per employee, os well as the shortage of labour in some years, encouraged the higher capital:inison rotlo (capital deepening). As the labour supply position cosed while sularies and wages continued their rupid increasa, more emphasis seems to have been given to productivity growth, especially in manufacturies.

The present low return to equity investment and reduced proprietorship ratio on the one imud makes the continuation process questionable. On the with sluggish demand, it may restoring odequate levels of implications for employment

It is also important to recognise that the increased than a shift of activity from the

Because salary and wage goods to lien of tagher more much less, reflecting a sleady Treads in the cupital labour rewards as living standard

only odvocacy by some of

higher aggregate demand,

while the real wags aspect has

The aggregate dcmand

approach envisages a generally-fiscal Keynealan

silmulus to the economy, with

accommodating monetary

policy to expand aclivity and

employment, given sluggish

demand, low capacity

utilisation and unemployed

labour. In contrast, the real

wage approach envisages an

erosion of real wage levels to

reduce the real cost of labour

to firms, to allow more people

to be prolitably employed. It is

not dependent on evidence of a

real wage overhang but

reflects the view that if there is

unemployment, the price of

Austrelin, it seems that a

proaches is needed in a highly

structured economy with

numerous morkets, for factors

as well as products. But given

this structuring, and New

Zealand's vulnerability in

lerms of the bulance of

payments and structural

bottlenecks, the aggregate

stimulus approoch is fraught

with dangers. This, plus

evidence of the real wage

overhang, and the fact that the

economy must be close, if not

beyand, a reesonable level of

aggregate stimulus already.

encourages the bulance of

policy emphasis to be on

reducing real wages. And such

a policy should he structured

to reflect the relative cost,

supply and demand of labour in Industries and sectors, and

the langer-run objectives of

In some orces of the

Reflecting views

labour is too high.

been Ignored.

employers had to bear the cost labour will be overpriced, in of both the higher money incomes, and the provision of in terms of the argument that excess supply (unemployed labour) reflects a selling price additional public gooda (through Increased taxation). The aslary end wage recipioni banefited both via higher money wagea end tha increased supply of public goods.

clear the market. The policy debate in Australla has focused on the The argument in this article real woge overhaug and le of relevance to e number of eggregate demand causes of important aconomic policy nemployment and solutions. In New Zealand there has been little debate on tha issues surrounding unemployment;

For example, it eeems clear that what has become known as the real wage overhang, the Increase in the cost of labour to firms in advance of labour's cootribution to production, is e phenomenon present in New Zealand which has important implications for employment,

Recent Australian work has locreased the evidence of tha algolficance of excessive real wagea for unemployment. although thera is considerable dispute on its importance. A paper published by the Reserve Bank of Australia suggests that 40 per ceni of Australia's unamployment la frictional (paople ahifting between jobs without abnormal delay), 15 per cent is due to depressed demand, and fully 45 per cent is explained by reel wage rlaes and forced changes in wage relativities. A study by the Australian

baacd on simulations of the Australian economy with the Australian Treasury Model, investigated what would happen to emproductivity distortion was removed. It indicated u fall in unemployment in the first year of 87,000; In the next 97,000.

This suggests that the present policy myopia in New Zealand on the consequences of rapid solary and wage rises for business profitability and employment will have serious consequences for unem-

Unless offset by untward migration, population trends indicate a continued potential labour force grawllt. This growth will face a privute sector trying to restore profitability via increased' productivity in a slow or, for some, no growth unvironment, and a public sector with a very large deficit but under pressure lo reduce taxes- economy, aelective atimulus lo

terms of its producilvily, and to be seen whether firms will choose to expand amployment in preference to capital in response to higher real demand. The related question (wages) thal is too high to ia whether taxpayera will be willing to accept a higher proportion of public goods in leu of after-tex income lo maintain, or possibly expand,

> In New Zealand general and relativity adjustments to wages and salaries generally enaure that the average productivity gain in the (public) sactor employeea. overcome productivity gain (properly ployees receive their own

everaged over the whole

carefully allocated. Rigidities in the tabour market, especially by wey of relativities, and the use of general wage adjustments. mean increasing insulation of market sector is reflected in wege rates from market salery and wage payments to forces, and less discretion for market and non-market employers and employees to (public) sactor employees. overcome jointly tha Rates of pay for the latter thus anomalies rigidities impose. move ahead of the averaga Thia will lead to increasing atructural unemployment, arising in sectors where while market sector em- demand will not accommodate

service le eleadily rising.

It is important that polley dealrably in the context of a more market-responeiva approach to salary and wage aetting so that if productivity, as it should be, is a basis for pay rate setting, the dietribution of such galns are

the increased labour cost. average productivity gains, transmitted to the sector by rather than these gains relativity arrangementa. It is

from low productivity to high

TK McDONALD ... director, NZ Institute of Economic Research. growth out of low productivity n other than a frictional sense, the job losa is costly, personally and socially.

those now being squeezed by for wege and profit levels, rapid real salery end wage really allowing maximum poeltions become unemployed, that It le essociated with

There is much to eppleud It is desirable that explicit recommendations for wage recognition be given to this setting in Sweden, embodying concept for wage, selary and the concept of e 'mein peth' profit policy in New Zealand.

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#### Sherries of Spain: no similarity to ours

A VISTT to Jerez, Spain, has convinced me that there is more lo sherry than the wine which bears that lebel in New

The grapes are the same, for most of the sharrlee in New presence of the sherry flor. Zealand are now made from the Pelomino grepe, the traditional sherry grape of Spein. But there, according to the Spanish, the almilarity

They point to the airlelly limited zone which bears the nsme sherry ln Spatn 12 to 24 hours. Nobilos the particular soll of the experimented some years ago vineyerds — Alberiza, soll drying Ricaling-Sylvaner

long hot rainless aummera with plenty of rain in tha winter months, the care and preparation in making the wine, the long elow majuration period of anything from five to 100 years or more, and the

The Palomino grapes are harvesied when they are ripe, and then epread out on ceparto grass mets to dry la the aum. This reduces the amount of moisture and hence increases the proportion of sugar. The period of drying may be from



WINEMANSHIP

WHEN WANG

TALKS

BM LISTENS.

(and so do Honeywell,

small casks kept on ullage, and with the bung hole loosely corked. Fresb air is essential both around and in the casks. They are stored in large

limited quantities from the Chemically its effect is in find, while the other becomes absorb any remaining traces dark aloroso of the coarses The must la fermented in ni grape sugar, and it adds to type. Some casks cannot be the complexity and subtlety of the wine by increasing esters and aldehydes.

until it is fairly muture, no one can lell exactly how it will depending upon age and cathedral-like barna called develop. There are bodegaa, so that the air lummerable slyles of sherry the and no Iwn hults or casks will temperature remains cool. turn out exactly the same. If The sherry flor appeara in two butts of most pressed at most casks about two months the same lime from the same sfter the vinlege, it appears grapea in the same vineyard spontaneously, from yeasts are taken in the sume larry to floeling in the air, and heips the same bodega and stored fine Auslese Riesling, meterially to determine the side by side, it is likely that one unfortunetely available only in character of the wine, will muture us a delicate light

classifical for 10 years or more. Mature sherry fails into three hasic classes: fino, palo certude and oloroso. Each has various sub divisions There are quality. All styles initially are ilry as the fermentation is complete, and the whole of the graphe sugar is used up. If a sweet sherry is required, it is old nined by Idending at a later stage with specially prepared sweel wines, usually made from the l'edro Ximenez

Fina, with the exception of

cask, any of three things can

happen — it may gain in body

and develop a new depth of

exagnet, becoming first a fine

amontillade. then an

amoutillade; it may gradually

graw stronger in flavour be

retain its fino character.

becoming that carest and most

woulerful of wines, an old

fino; it may stendily become coarser and finish up either

for blending or for distillation

speaking, is a fine which has

become with age heavier,

stronger, darker, with more

ilenth and intensity of oroma

and flavour. The word denotes

nothing more than a medium sherry commercially. The

characteristic because of an

annontillada lins been

described as "muty". It is

certainly deep and fresh and

clean, Colour, according to

age, varies from straw it

umber to dark gold: alcoholic strength improves.

Pula cartuda is a rare wine. It is similar to abrosa. It has a deep and soldle languet, more like amenillada, clean sod

crisp on the pidule, and dark h

Olorosa memis "fragrant".

Amantillado, strictly

certuin styles of Manzanilla, which comes from an adjacent district, is the lightest sad most delicate of all sherries, it has a delightfully frash, slightly piercing and very clean bouquet, is complete dry and has natural acidity. Palma is reserved for fines of highest quality with a

particularly cleen and delicate When a fino grows old in

A few ecademica, t would

deep-rooled.
Not long after t arrived in

Sydney in a quest for votes.

mombers of the board, feeling

ngalnat driva-ine haa

Ministerial advice to the two

Independent board membere,

chairman D J Sullivan, SM,

and doputy chairman Peter Luxford, to heed public opinion

ia not likely to be aufficient to

Distributors fear fewer film

bookings and exhibitors mere

competition if drive-ins start.

turn the tide.

DRtVE-in cinemaa start another round of the political circus lator thia month when the Film Trede Board is due to consider the question again in the light of a now proposal masterminded by Barry

Everard has joined with Hauraki Enterprises Ltd and Trana Holdings Ltd tn a complexly financed operation to cash in on what Internal But the Film Trade Board is

The laaue is not dead howaver, Though Highai ia bound to consult the trade board, he is not bound to taka their advica. Ha unlikely to be deflected from keeping open the option of its thumbs-down advice to taking a proposal to the incraasingly competition-

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#### Time to bridge Aust-NZ information gap

by Spiro Zavos

JUST before Christmaa, t was chattlng with an important member of the Australian High Commission Wellington. The talk got around to Austratia-New

Zealand relations. There was a problem, he sald, but it was not at the official level. The relationship between the officials and the politiciana ("don't believe too much of what you read about Mr Muldoon and Mr Fraser being at logger heede") wee sound, even when both sidee agreed to differ. No, If there was a culprit, it was the news media, on both sidee of the

The only news about New Zealand in Austrellan newspapers concerned natural diaasiera. Similerly, New Zsaland newspapers ran making eure tha race results hardly anythlog about get through to New Zealand Australis, other than sports

"How many New Zeal andera know who our premiera are, for instance?" he aaked.

guess, and even in the ivory towers of learning these knowledgeable genttemen night be thin on the ground. The Australien Ignorance of New Zealand Is even more

Sydney in lata January, a number of people told me a story about a tedy who rang up John Laws, the sexy-voiced and extremety popular talkback star of the 9-12 hours of the Sydney elrweves. The call took place not long after Bill Rowling had visited

Every morning on the bus," the lady told Laws, "t see a notice advertising e meeting to be given by a Mr Bill Rowling. But the bus always pulis away before t can read anything more on the notice. Can you tell me who Mr

"Mr Rowling is a man, my dear," said Lawa, his voice dripping with boneyed

"Thank you, Mr Laws," the lady gushingly replied.

There was a break for a aecond or two and then Laws finished off the conversation. 'Thai lady hesn'i a clue in the world who Bill Rowling is and neither have t."

Everyone who thinks about thia curious lack of information that exists between tha two countries knowe it is a bad thing, but like Mark Twain and the weather no one does anything about it,

The Sier group of newspapera has a men in Melbourne reporting about Austrelia for the organization. There is a Press Association man, who has hie hands full making cure tha race results and little time for any real reporting. Broadcasting relies on stringers.

The picture la even bleaker at the Australian end. Several yeara ago, the ABC had a man n New Zealand. He has since been shifted back homa.

None of the big publishing chaine has a full-time man in New Zealand, ten Templeton of the Auckland Sier, writes a reasonably regular column in The Bulletin. Some years ago, The Austrellan Finencial Review used to use e great deal of material from New

tt isn't as If there le no real interest in informed circles manufacturers need no interested in Austrelian probleme. After all, it is their

number one (and only) market Australians are interested in New Zealand. Any number of peopla have asked me in the tast few days about the nutcome of the court battles



THE AUSTRALIANS

over Hunua and Kapiti. A top political journsile gave me a fascinating comparison between Prime Miniater Muldoon and Tom Uren, the deputy leader of the Australian Labor Party.

comehow this has not been plcked up by the media. Why? Undoubtedly one of the

reasoos is that there has been friction between Australiane

too English, too retiring, too boring. We find Australians too grotesque, too larrikin, too pushy and too bloody-minded. tt is the difference between

Colleen McCullough, the euthor of the Thorn Birde, and unquestionably one of the greatest living novellets. Bu while Janet Frame ie conten to work away, in Stratford, out of the limelight end beting it when it occasionally strikes har, McCullough roams the world selling her book, pushing it es bard es she can, drum ming up medie stories about her love life — anything that will create impact and get

Although Thorn airds la e long, true-romance type work, The interest la thers, but II has outsold nearly every other book except the Bible in

people interested in her or the

SPIRO ZAVOS . . . building bridges.

Morion, both edvocatea of ome aort of union, but closer

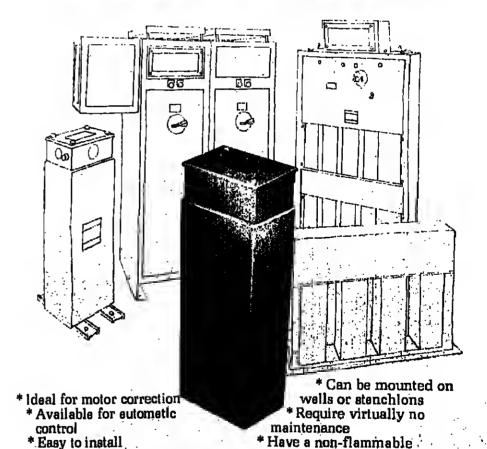
After all, Sydney is the third-largest New the last three years.

We are two people eeparated by a common language and a not, atrengely enough, by the email stretch of water. We normally more politically and New Zealenders on a should be closer together. Not scute National Party. Perhaps

Building bridges len't the most popular thing to do these bettar to cover short patches of water. And so this occasional letter from Australia has the modest ambition of bringing what is happening in Australta today to life for Naw Zealand personal level for years. es close as people like Bob the party was showing the bridge between the two australians find us too bland, Jones and Professor Harry normal New Zeetand underreaders. A cort of verbal

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ing Word Processing Systams were ordered or installed by twenty of Fortune's fifty lergest corporations.

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dark in colour, and la much appreclated as a dessert wite, and also for blending with drier aherries. Fina old sharries bottled Spain are usually not fortified but wines asni overseas including to England when more sherry is drunk are fortified. The spirit used is always

the incompletely filled cash tt is now obsoleta — or should

Pedro Xinemaz la the be

sweet wine. The grapes picked ripe and dried in

sun for up to 20 days before

being prassed. The wine is cxtramely aweet, deose and

The spirit used is always grapa brandy apirit. So opposed to the raw slooked darived from sugar and the less used in New Zealand. The difference can be detected immediately. No added sugar is parmitted in Spanish sherries.

#### Drive-in dilemma to be reconsidered

by Colin James

Darker thun the others, naturally dry. Ibough with a ulightly sweet offertaste ransed by glycerino in the fermentallon, it has more vinosity thun other styles. titlier names uro also used

for Spanish shorry. Amoroso is n sunve velvoty oloroso, samewhat sweet. Old Essi Initin used to be given to full hodled and aweetish old dinrosos. Il nwes ils name io the pructice of sending wine k linitiest on long voyages by salling ships, na it was though that crossing the equale improved quality. The rewas the oxygenation which the notion of the ahip caused in

Affairs Minister Allan Highet believes la a rising tida of public demand for drive-ins. Highet in March, last year. If

CASSETTES

Tel. Mrs Lewis, 843567

#### Economic thinking

MR PERKINS'S letter INBR Jsnuary 24), left me lost, and no doubt many others. As far as I can gather, hia aentimenta would have been more clearly expressed in the following quotations from Macleod'a Etements of Banking, published by Longman'a more than 100 years ago. The paga references are for the t894

t. "It may be said that all commercial crises arise out of the excessive creation of that species of Property called CREDIT. What are the due limits of Credit, is a question of the moat momentous con-UNEX-

produces those terrible monetary estaclysms which scatter ruln and desolation among nations, ft is by the excessiva creation of Credit that over-production is brought about, which causes those tarrible catastrophes called Commercial Crises: and the loability of Creditshops to extinguish the Credit they have created - commonly called the failures of Banks — is the cause of the most terribla social calamitles of modern times." (p.110).

3. "Commercial Credit does not rest upon so solid a basis as the certainty of being in possession of money, for then it would be as sefe as money itself, and losses would be unknown. It is besed upon the by means of Credit, payable at end of time. It is perfectly expectation of receiving a certain time after date. The possible that much of the there may be less in the money at a certain time." second is where bankers buy Banking Credit which exists at country: no one can tell whot



ches, Commarcial Credit and Banking Credit. In the first, msrchaots buy commoditles

their own payable oo demand. Commarcial Credit is always and there is no necessory created terminable at a fixed time, and is always intended to be extinguished at that time. Banking Credit is usually created payable on demand, and must be capable of being pald. If demsoded. But It is not ntended to be sxtinguished: on the contrary it is created with the hope and expectation that it will not be extinguished, but that it will continue in Money. There is no necessity from one bank to another to tha

these Commercial Debts, or the present day, may have Credits, by creating Credits of been created by the very first banks founded in this country, reason why it should not continue to tha end of time. Money is a very expensive machine to purchase and keep up: but Banking Credits cost nothing to create, and they lically uscless." (p.130). may be absolutely in-

destructible." (p.120). 5. "It is the sudden failure of confidence and extinction of Credit which produces what is called in commarcial language sxistence and do duty as a pressure on the money market', and which chuses 4. "The System of Credit is that It ever should be exdivided into two great brantinguished. It may be transmoney to be 'tight'. When money is sold to be scarce, it ferred from one account to does not mean that there is a another in the same bank, and smaller quentity of monay actually in existence than before: there may be more, or

the unlount of money existence is: but a grad Retail revenue serves us o substituta, and we nn equivalent for Money, i cliticer destroyed oltogether, is enddenly struck with parnlysis, as it ware, and deprived of its nagotiable power, ond, therefore, prac-

6. "It is therafors not the scarcity of money, but the extinction of confidence, which produces a pressure on the money market; and as examinotion of sil the great commercial crisss in this country, will show that the have olweys been preceded ond produced by a desirucing of Credit, which has usually been brought about by extravognnt overtrading.":

7. "It has frequently been observed that all great in ventions have an equalising tendency: the invention of gunpowder equalised condition of the poorest for soldier end the wealthley knight, ond it destroyed the supremacy of the knights: the invention of printing opened up the paths of knowledge to the poorest as well as to the rich and destroyed the supreman of wealth in the acquisition of science: the invention of steam and railroads has equalised the means of locomotion to the humble and to the wesithy; so the invention of Credit has destroyed the supremacy of Money, and has provided he menns for the most humble to place his fool on the ladder d opulence, it is a matter d common observation that notining is so allifficult as the first step to wenith: that many men could get on if they could only make a beginning. Nor Credit supplies the means of attnining that first step to all Credit is a mighty power, and me doubt, like other great engines, is liable to be abused but it is entitled to take rank with gunpowiler, printing, and steam, mining the marvels of human ingentity; and it has been the chief cause of the ningnitiate of modern commerce." 41.141).

Punitive

damages

iN your issue of December 13, 1970, you published on article

in your Insurance column on immitive dumnges. In it you

referred to the Products Linhlity Insurance Scheme

prunipted by this company and mentioned that the consortium

excludes punitive damages

This in fact was the original

Intention; however, since that

date the decision has been reviewed and, in line with the

majority of local companies of the US morket, the protection provides cover for punitive damagea for claima mada is

specifically prevent insurance of these damages.

The action of Ford's insurers

apparently goes despar then the punitive damages

question, aa Ford now has been indicted in Iha State of Indiana

on criminal charges arising out of this case. Perhaps you would be good

enough to make reference to

this change in covar as soon as possible in order that any possibility of your pravious articls being misleading is avoided.

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harcourts

P D Jameson Tha Naw Zealand

Insuraoca Group.

be advertising producte that do not directly competa with ona another, according to some running out?

vertising ravenue.

see as excessive and arbitrory

advertising retes, a significant

seeking cheaper odverttsing

the greater Auckland area in

the next two months offering

the retail sdvertiser reader-

ship numbers rivs lling those of

Both Auckland dailies rely

beavily on retail advertising

revenue, but the ioss of

rsvenue will probobly fall

Both papers have also been

losing staff to the new

largest retailers looking for

cheaper advartising. These

meetings resulted in a deal

with Busicess News Media.

which also publishes the

Howlck and Pakuranga Times

to produce a 20-page, 250,000-

The paper will be eniled Real

Value. The advertisers have

contracted to supply ads for

have signed up are Foodtown,

Hugh Wright Lid. McKenizies,

George Courts, Rendells,

Smith Brown and Magie,

levine and Co and Martin

It is understood that these

retailers will withdraw the

tlerald, with its wider cir-

so seriously offected by tim-

circulation giveaway.

most beavily on the Stur.

Hersid but at cut-rate

Tha paper will be launched AUCKLAND'S two dallies on March I taking the form of o the Auckland Star and the New bargain huntsr's guide. The paper will carry no editorial Zealand Hersld - are being threatened with a loss of a buga silca of their retail ad-

Also in March, the giant Woolworths chain (now merged with L D Nathan) will Disappointed with what they withdrow ail its retsil advertising from the doilies and go it olone with two giveaway number of major retallers are householdera aimed ot lts 750,000 customers. Five new large-circulation

Woolworths has been dissntisfled with the dailies' throwaway pspers will blanket retnil odvertlsing rotes, sud the Newspaper Publishers Association's refusal to poy its advertising ugent (Colenso) a 20 per cent commission on retoil ads.

NPA papers pay agencies o 20 per cent commission on notional advertising but not on retali nds.

Radlo and TV pay the 20 per cent commission on all agency-placed advertising retail or national

A Woolworths spokesman The move away from the dallies begsn with closeted meetings of some of the city's estimated that the cost per customer of producing the householder was 0.6 cants cheaper than newspaper

Radio Pscific maasging director Gordon Dryden is two separate behind publishing ventures, hoth of which threaten to draw off

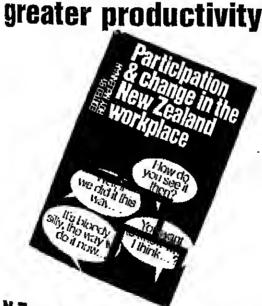
advertising from the dailies. On April t, ttodio Pacific will Isunch its 32-page, 243,000 circulation thrownwoy. This Advertisers which already paper will contain 20 pages of mls and t2 pages of editorial

Working in close conjunction with Itadio Pacific, the unper-will promote the radio station, and the station the paper.

Dryden said the paper might run a story containing inbulk of their advertising from formation essential to anthe Auckland Star. The swering a quiz programme therald, with its wider cir-question on Radio Pacilic, for culation, is not expected to he example.

tic sulti the puper would first te given a four week trial run.

The retailers involved will tiryilen has been wooing Participation ... key to



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to the radically changed circumstances we face as a

Administration at Victoria University, and editor of Participation & Change in the New Zealand Workplece.
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how perticipation and change, or 'Organization Davalopmant, works in theory ... thap three Naw Zealand pllot studies show what happens in practice as well.



journalistic staff away from Auckland's dollies to run his papers and radio station further straining relations between Radio Pacific and tha

Dryden recently resigned from the board of Vidcom, a TV production unit owned by New Zealand Newspapers, which also owns the Aucktsnd

Rodio Pscific programme director and freelance journsilst Gordon McLauchlan ia unlikely to write as much for the NZ Hersld as in the past. Radio Pscific sportsessier Tim Bickeretsff has also been

Codlin sold he had three new buay setting up four sporte papers to be linked with Radio editors wsiting in the wings.

South Auckland counties.

Bicksrataff has been

negotiating with Codlin to set

Rsdio Pacific.

papers would comprise 60 per Nucleus to this deal is tha 24cent advertisements and 40 par cent editorial. Five per cent of paga, 24,000 circulation, County Sport distributed in the the advartising space would be reserved for cross promotion with Radio Pacific, he said. This papar is owned by Merv

Bickerstaff axplained: "Newspapars ara not allowed to own radio stations, but there is no law against a radio

up a holding company to manage County Sport plus three additional sports papers. station owning newspapers. Blckerataff said the papers This holding company would would cover the largely have a 51 per cent controlling interest held by Codlin, and a auglected area of county sporting evants. 49 per cent interest held by The Immediate advantages

of all these new throwoways to Codiln said he wanted threethe retailer is first of all the to six-month advertising cut-rate advertleing rates. In contracts for retail ods before the case of a localised committing himself to the suburban advertiser, the larga circulation dailies force him to sufficient advertising pay for ads that go to readers support is forthcoming — snd Codlin said the Initial response weil outside hla aren from which he drawa his customers. has been overwhelming -

The average readership per three more sporta papers will copy of a throwaway is about be established. These will be

Southern Sport, based in The obvious danger for the Otahuhu, with a 43,000 ciradvertiser ie that the culstion, Shores Sport, based throwaway might be exactly on the North Shore with s that — a papar which makes a fast trip from the post box to circuistion of 43,500, and Western Sport, with a 40,000

> overcome this danger by providing good editoriul

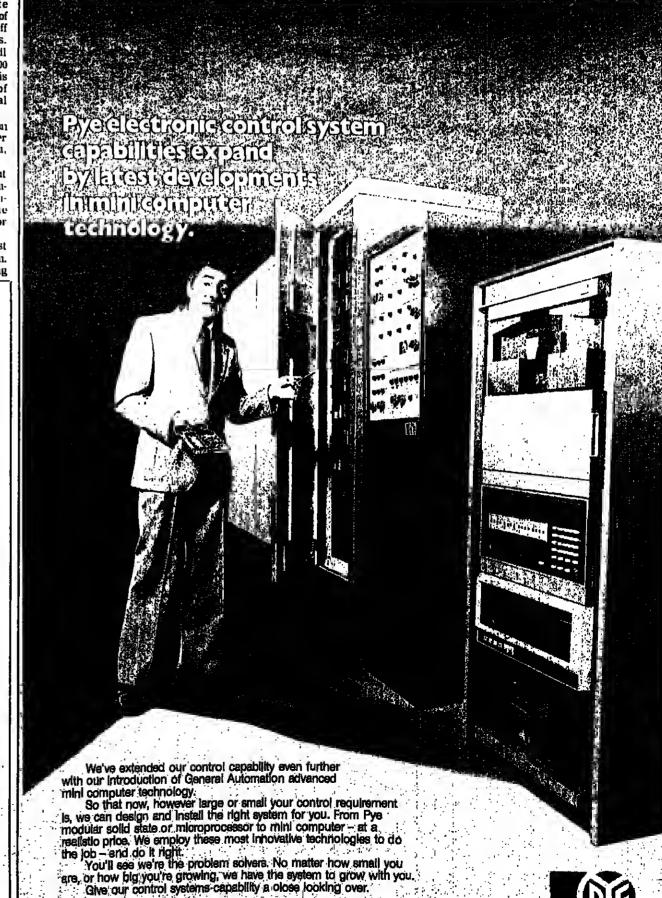
bargain hunter.

#### Cook discovers London

TOM COOK, who as former chlof exscutive of Vidcom was a well-known and popular figure in the Auckland advertieing world, is now flying ths video banner in London. With partners Jeesien Skippon and Ian Abrahams, he has set up an 'independent television production and facilities consultancy" called Skippon Video Associates Ltd.

The company describas company offering production and creative direction for conimerciale, programmes and apacial projects for broadenst and non-broadeast television communications

Cook eeeke to hridge the gap between agancies and the wide range of highly diversifted facilities companies. With more than aix million pounds invested in video equipment in London, outside of broadcasting, he sees a good potential for development in



For detailed information please contact the Sales Manager, industrial Electronics, Pye Limited, P. O. Box 2829, Auckland.

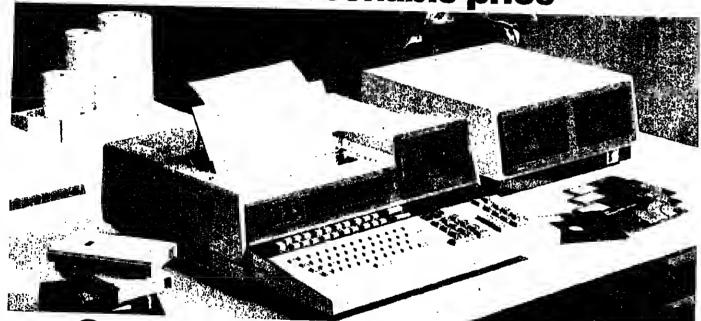
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#### Australia moves to nullify US anti-trust laws

Correspondent

A RECENT deciaration by a United States court that four Australian mining companies are in default in a multimillion dollar anti-trust case has prompted the Australian Government to prepare legislation rendering eny particular foreign judgment unanforceable within Australia by order of the

Government ages aa increasingly vigorous stempts by the United States

onti-trust jaws to Australie. Australian Government'a The Australian Attorney- proposed legislalloo to protect General, Scnator Durack, Australian companica from General, Schator Durack, argues that it is against the United States anti-trust national intersal for decisions. Though the Australian companies to ba defendants claim to have no

Kalhleen Uronium, Co., Pasco Holdings, Pacific Pancontinonici Mining and Quecnaland Minea — are Co., Another defendant

among nine foreign companies accused by Westinghouse Corporation of the United Stales of forming a cartel to rsise uranium prices.

A United States court has now granted Westinghouse a default judgment sgainat the nine foreign companies for an amount to be determined later by the court, but the Australian companies ciaim they heve no United States esseta, and their non-The proposed legislation is a counter to what the Australian appearance in the court was on lagal advice that the United lagal advice that the United States judgment would not be enforceable within Australia.

compeny, Pancontinental This legal stratagy was a Mining, is in partnership with Getty Oll of the United States. to extend the application of its confident anticipation of the Through the proposed legislation of the Australian Government, thesa Australian companies, and others found to be in breach of United States anti-trust laws, may avoid cripplad by the multi-million diract Unitad States assets, dollar damages often enialled in anti-trust cases. Four Riolinto, has a number of Australian mining companies — Conzine Riolinto, Mary aubsidiarias: American Zinc Kaihlaga Urranium within Australia the massive

Attorney-General's office in from any United Stales anti-

THE AUSTRALIANS

Australian Government

Australia from all applications of United States anti-trust

Australian exporters of bauxite, and other rew matarlais, how is the Amarican purchaser to know in advance whether or not a United States court judgment in his favour will be enforced damages imposed by United in Australian courts? No States courts, but only at the cost of jeopardising their forecast which Australian futura business in the United mining company will be grantad exemption by the Australian Atiorney-General

Canberra conceded that such companies would be well adviced to stay clear of iscking direct assets in the dealings in the United States. United States, then the American utility moy, or moy Ministers say the proposed not, have the protection of its legislation is not an attempt to country's anti-trust laws, provide Australian companies according to the incilnation of with total protection in Australia's Attorney-Generol. For this reason, on element

of risk has now entered the lawa. But an order granting United States morket's the non-enforcement of a dealinga with Australian United States court decision mining companice, some of will be made by the Austrailan which will undoubtedly be Attorney-General, and can be afforded protection by the disallowed in Australia only by Australian Attorney-General either House of Parliament. in the near future, but only at In dealing with the the expense of all Australian mineral exporters to the uranium, coal, iron ore, United States, who could experience greater difficulty

Australian Government hos yet explained how this result is compatible with Austrolia's Stales court, will it be held by national interest. Neither, on the Attorney-General to be in their part, are Australian the national interest that a mining companies free from United States plaintiff be the arbitrary interference of ollowed to recover multithe Australian Atlorney- million dollar damages io one



SENATOR DURACK ... com

companies are both found on

#### Ambassador given Colombia job

bassador in Peru, resident hod agreed on the in Lima, Gordon Porkinson, establishment of diplomate The Government of Colombio level, with non-resident proposes to accredit its Ani- Ambassadors. assador to Japan, resident in According to the latest Tokyo, to represent it in New Official Yearhauk, New

The appointment extends New Zealand's representation ended June 1977, while imports in South America of a time were valued at \$159,000. when there is growing concern Por the year ended July about our failure to set up 1978, exports of milk, cream, diplomatic posts in Africa. crude vegetable matter.
This failure both humners machinery and paris, and trading opportunities with mensuring apparatus lotaled Africa, bul also compounds the \$2,955,895. difficulty of having our sports New Zealund's bigger policy understood there.

year that the Governments of to \$66,996.

NEW ZEALAND'S Am. Colombia and New Zealand to also represent relutions between the two New Zealand in Colombia. countries at ombassadorial

Zealand exports to Colombia lotativel \$1.752,000 for the yest

import from Colombia iss Purkinson's appointment year was coffee, valued st follows the annuncement last \$57,711. Total imports dropped

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#### Audience-wooing role seen for Arts Council

"Are we, the general public, gelting the best possible value or money spent by the Arts

Highet, a keen and knowledgeable Ministar for he Arts, sprang to the defence f the council with a reply which sald, in essence: "Yes, i's always done a first-class

But it was a valid question which daserves more examination than was possible at an election meeting. Is the Arts Council reolly serving the needs of the widest possible

Founded in 1963, the councli's function was neatly summed up in the phrase "to foster the arts". At that time, certainly, thay needed oil the fosiering they could get.

Money was seen as the answer to everything. The Government gave the Arts Council ao annual allocation, and some of it was used to send painters, sctors, musicians, ingers and dancers overseas o learn their crafts.

Grants were given to promising srtists to enoble practice lhe art of gentle them to get established on a full-time basis, rather than So far, il has been too busy fostering the artists, perhaps working by day on other jobs merely koping that an and by night on their arts. audience would grow

Subsidies were given to automatically. That has thestres, like Weilington's happened, certainly, but not thestres, like Weilington's Downslage and Auckland's Mercury, to enable them to get slarted. It was a pumppriming operation, very necessary in the mid-1960s.

enough paying patrons. Ari galleries are never crowded, Symphony orehesiras are The interpretation placed on that phrase "to foster the arts" died for lack of public support. The interpretation placed on

THINK COMPUTERS
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to the exicul necessary.

Theatres still do not attrac

That too is part of the

responsibility of the Arts

Council and it is one on which

more emphasis is now needed.

The council itself has to

WANG

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concerts.

#### THEREAL

WHAT THE REVIEWERS ARE SAYING

"The Real Muldnon is much more rewarding than the Prime Minister's own two dismal attempts at autobingraphy. It reads particularly well. The slyle is energelic, witty and Irim, and the book is put together well."

> "Zavos is a perceptive observer. . . a muster of the probing phrase, the analytical paragraph."

"Of all the weighty issues -The Real Muldoon raises, it's odd that Mr Muldoon now seizes on nits in trying In discredit the whole commentary. Mel Iriscoll, Walkato Times

... the book ... usefully illuminates several aspects of an exceedingly complex character." P.J. Schener, N.Z. Herald

Tu all whn are fascinated or repelled by our Prime Minister. this houk is recommended reading." S.W.C. Hawkes Ray Herald-Tribune

The Real Muldoon is the first objective biography of a New Zealand Prime Minister. It sets a high standard for its successors." Trever Amer, Southland Times

OR DIRECT FROM FOURTH ESTATE BOOKS, PO BOX 5344, WPLLINGTON

by Bute Hewes

DURING the election campaign in his Remuere constilled a long question which

was that artists themselves needed fostering, and this was undoubtedly right at the time.

Thanka to the excellent groundwork done by the Arts groundwork done by the Arts developing and promotion must be Council in daveloping and promotion must be professional artistic talents, developed too. The Aris Council is not s

the arta now exist in New Zealand. But the task is not promotional body in the sense over yet.

The thinking behind all those grants and subsidies was thet in a country will a small, the wind New Zealand galleries, titinly-spread population, the total audience was not enough to make the arts self
This is probably right, and This is probably right, and

supporting, so a cash injection there is no quarrel with the was needed to compeosate for council on that score. Few style arts in New Zealand, with many people that another need existed — to stimulate end dancers as salaried public dancers as salaried public fostar greater public appreciation end enjoyment of the arts, lo build up an the council could, and perhaps

udlence. should, play as a co-ordinator Without an audience, the and publicist for the arta, arts cannot flourish. People giving them practical assistance in ways other than going habits, into the subsidies.

diecovery of enjoyment in art A few years ago, a handicap. galieries and symphony cours geous attempt was made to develop a modest it for a time, then abruptly professional ballet company in withdrew that support when it

ALLAN HIGHET ... keen.

Auckland. It struggled for brief time, then collapsed. Lack of money wes only part of the reason. Equally important was that, although its artistic direction was ail anyone could wish, tack of skilled professionai manogement and eudiencewooing promotion was a major

The Arts Council subsidised

became evident that the young enterprise was not as administratively secura as it

practical halping hand from the council's own staff, nursing might have made all the difference between success and failure. But the council did not lift a finger, let alone a hand, to

There are other examples like that, in Highet's own Remuere constituency, the demise of the little Central Theatra, for similar reasons, haa not been forgotten.

Expert management is usually not aveilable to small arts enterprises - and most are very small - because they simply cannot afford it. That is where the Arts Council could step in, offering the services of its own staff as management advisera, aiming alwaya at stimulating public interest and building en eudlence.

The present council staff la

funda into Ita own administration and away from

But the time has come to reconsider that, with a view to developing the council as a servicing organisation rather than one primartly concerned

with distributing hard cueh.
If only it could entice more New Zealanders lo use their theetres, concert hails end art galleries, that would be moncy well spent for public en-

Perpetual aubaidies to enough by thomselves. They pay for empty theatre and concert seata, when the reol aim should be to fill linese

That, perhaps, is the role the Arts Council should now aasume with a daliberate campaign to attract more people to enjoy the arts. That way, it would bring the too slender to take on such greatest possible benefits to work, it has alweys been the widest possible public deliberate policy to keep the good value for money indeed.



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